

In the Senate of the United States,

April 23, 1998.

Resolved, That the bill from the House of Representatives (H.R. 2646) entitled “An Act to amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses, to increase the maximum annual amount of contributions to such accounts, and for other purposes.”, do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE; AMENDMENT TO 1986 CODE;***

2 ***TABLE OF CONTENTS.***

3 (a) *SHORT TITLE.—This Act may be cited as the*
4 *“Parent and Student Savings Account PLUS Act”.*

5 (b) *AMENDMENT TO 1986 CODE.—Except as otherwise*
6 *expressly provided, whenever in this Act an amendment or*
7 *repeal is expressed in terms of an amendment to, or repeal*
8 *of, a section or other provision, the reference shall be consid-*

1 *ered to be made to a section or other provision of the Inter-*
 2 *nal Revenue Code of 1986.*

3 (c) *TABLE OF CONTENTS.—The table of contents for*
 4 *this Act is as follows:*

Sec. 1. Short title; amendment to 1986 Code; table of contents.

TITLE I—TAX INCENTIVES FOR EDUCATION

Sec. 101. Modifications to education individual retirement accounts.

Sec. 102. Prohibition on federally sponsored testing.

Sec. 103. Student improvement incentive awards.

*Sec. 104. Exclusion from gross income of education distributions from qualified
State tuition programs.*

Sec. 105. Extension of exclusion for employer-provided educational assistance.

*Sec. 106. Additional increase in arbitrage rebate exception for governmental
bonds used to finance education facilities.*

*Sec. 107. Exclusion of certain amounts received under the National Health Corps
Scholarship program.*

*Sec. 108. Treatment of qualified public educational facility bonds as exempt facil-
ity bonds.*

TITLE II—REVENUE

Sec. 201. Clarification of deduction for deferred compensation.

Sec. 202. Modification to foreign tax credit carryback and carryover periods.

TITLE III—MEASURES TO ENCOURAGE RESULTS IN TEACHING

Sec. 301. State incentives for teacher testing and merit pay.

TITLE IV—EQUAL EDUCATIONAL OPPORTUNITY

Sec. 401. Equal educational opportunity.

TITLE V—EDUCATION FUNDING

Sec. 501. Direct awards of certain education funding.

Sec. 502. Direct awards of part A of title I funding.

Sec. 503. Direct awards of bilingual education funding.

Sec. 504. Participation of children enrolled in private schools.

Sec. 505. Accountability.

Sec. 506. Definitions.

Sec. 507. Construction.

TITLE VI—SENSE OF CONGRESS

Sec. 601. Findings.

Sec. 602. Sense of Congress.

TITLE VII—READING EXCELLENCE

Sec. 701. Short title.

*Subtitle A—Reading Grants**Sec. 711. Amendment to ESEA for reading grants.**Subtitle B—Amendments to Even Start Family Literacy Programs**Sec. 721. Reservation for grants.**Sec. 722. Definitions.**Sec. 723. Evaluation.**Sec. 724. Indicators of program quality.**Sec. 725. Research.***TITLE VIII—DROPOUT PREVENTION AND STATE RESPONSIBILITIES***Sec. 801. Short title.**Subtitle A—Dropout Prevention**Sec. 811. Dropout prevention.**Sec. 812. Office of Dropout Prevention and Program Completion.**Subtitle B—State Responsibilities**Sec. 821. State responsibilities.***TITLE IX—MISCELLANEOUS PROVISIONS***Sec. 901. Multilingualism study.**Sec. 902. Safer schools.*

1 **TITLE I—TAX INCENTIVES FOR**
2 **EDUCATION**

3 **SEC. 101. MODIFICATIONS TO EDUCATION INDIVIDUAL RE-**
4 **TIREMENT ACCOUNTS.**

5 **(a) TAX-FREE EXPENDITURES FOR ELEMENTARY AND**
6 **SECONDARY SCHOOL EXPENSES.—**

7 **(1) IN GENERAL.—***Section 530(b)(2) (defining*
8 *qualified higher education expenses) is amended to*
9 *read as follows:*

10 **“(2) QUALIFIED EDUCATION EXPENSES.—**

11 **“(A) IN GENERAL.—***The term ‘qualified*
12 *education expenses’ means—*

1 “(i) *qualified higher education ex-*
 2 *penses (as defined in section 529(e)(3)), and*

3 “(ii) *qualified elementary and second-*
 4 *ary education expenses (as defined in para-*
 5 *graph (4)).*

6 *Such expenses shall be reduced as provided in*
 7 *section 25A(g)(2).*

8 “(B) *QUALIFIED STATE TUITION PRO-*
 9 *GRAMS.—Such term shall include amounts paid*
 10 *or incurred to purchase tuition credits or certifi-*
 11 *cates, or to make contributions to an account,*
 12 *under a qualified State tuition program (as de-*
 13 *finied in section 529(b)) for the benefit of the ben-*
 14 *eficiary of the account.”.*

15 (2) *QUALIFIED ELEMENTARY AND SECONDARY*
 16 *EDUCATION EXPENSES.—Section 530(b) (relating to*
 17 *definitions and special rules) is amended by adding*
 18 *at the end the following new paragraph:*

19 “(4) *QUALIFIED ELEMENTARY AND SECONDARY*
 20 *EDUCATION EXPENSES.—*

21 “(A) *IN GENERAL.—The term ‘qualified ele-*
 22 *mentary and secondary education expenses’*
 23 *means—*

24 “(i) *expenses for tuition, fees, academic*
 25 *tutoring, special needs services, books, sup-*

1 plies, computer equipment (including relat-
2 ed software and services), and other equip-
3 ment which are incurred in connection with
4 the enrollment or attendance of the des-
5 ignated beneficiary of the trust as an ele-
6 mentary or secondary school student at a
7 public, private, or religious school, or

8 “(ii) expenses for room and board, uni-
9 forms, transportation, and supplementary
10 items and services (including extended day
11 programs) which are required or provided
12 by a public, private, or religious school in
13 connection with such enrollment or attend-
14 ance.

15 “(B) SPECIAL RULE FOR
16 HOMESCHOOLING.—Such term shall include ex-
17 penses described in subparagraph (A)(i) in con-
18 nection with education provided by
19 homeschooling if the requirements of any appli-
20 cable State or local law are met with respect to
21 such education.

22 “(C) SCHOOL.—The term ‘school’ means
23 any school which provides elementary education
24 or secondary education (kindergarten through
25 grade 12), as determined under State law.”.

1 (3) *SPECIAL RULES FOR APPLYING EXCLUSION*
 2 *TO ELEMENTARY AND SECONDARY EXPENSES.*—*Sec-*
 3 *tion 530(d)(2) (relating to distributions for qualified*
 4 *higher education expenses) is amended by adding at*
 5 *the end the following new subparagraph:*

6 “(D) *SPECIAL RULES FOR ELEMENTARY*
 7 *AND SECONDARY EXPENSES.*—

8 “(i) *IN GENERAL.*—*The aggregate*
 9 *amount of qualified elementary and second-*
 10 *ary education expenses taken into account*
 11 *for purposes of this paragraph with respect*
 12 *to any education individual retirement ac-*
 13 *count for all taxable years shall not exceed*
 14 *the sum of the aggregate contributions to*
 15 *such account for taxable years beginning*
 16 *after December 31, 1998, and before Janu-*
 17 *ary 1, 2003, and earnings on such contribu-*
 18 *tions.*

19 “(ii) *SPECIAL OPERATING RULES.*—
 20 *For purposes of clause (i)—*

21 “(I) *the trustee of an education*
 22 *individual retirement account shall*
 23 *keep separate accounts with respect to*
 24 *contributions and earnings described*
 25 *in clause (i), and*

1 “(II) if there are distributions in
 2 excess of qualified elementary and sec-
 3 ondary education expenses for any tax-
 4 able year, such excess distributions
 5 shall be allocated first to contributions
 6 and earnings not described in clause
 7 (i).”.

8 (4) CONFORMING AMENDMENTS.—Subsections
 9 (b)(1) and (d)(2) of section 530 are each amended by
 10 striking “higher” each place it appears in the text
 11 and heading thereof.

12 (b) MAXIMUM ANNUAL CONTRIBUTIONS.—

13 (1) IN GENERAL.—Section 530(b)(1)(A)(iii) (de-
 14 fining education individual retirement account) is
 15 amended by striking “\$500” and inserting “the con-
 16 tribution limit for such taxable year”.

17 (2) CONTRIBUTION LIMIT.—Section 530(b) (re-
 18 lating to definitions and special rules), as amended
 19 by subsection (a)(2), is amended by adding at the end
 20 the following new paragraph:

21 “(5) CONTRIBUTION LIMIT.—The term ‘contribu-
 22 tion limit’ means \$500 (\$2,000 in the case of any
 23 taxable year beginning after December 31, 1998, and
 24 ending before January 1, 2003).”.

25 (3) CONFORMING AMENDMENTS.—

1 (A) Section 530(d)(4)(C) is amended by
 2 striking “\$500” and inserting “the contribution
 3 limit for such taxable year”.

4 (B) Section 4973(e)(1)(A) is amended by
 5 striking “\$500” and inserting “the contribution
 6 limit (as defined in section 530(b)(5)) for such
 7 taxable year”.

8 (c) *WAIVER OF AGE LIMITATIONS FOR CHILDREN*
 9 *WITH SPECIAL NEEDS.*—Section 530(b)(1) (defining edu-
 10 cation individual retirement account) is amended by add-
 11 ing at the end the following flush sentence:

12 “The age limitations in the preceding sentence shall
 13 not apply to any designated beneficiary with special
 14 needs (as determined under regulations prescribed by
 15 the Secretary).”.

16 (d) *CORPORATIONS PERMITTED TO CONTRIBUTE TO*
 17 *ACCOUNTS.*—Section 530(c)(1) (relating to reduction in
 18 permitted contributions based on adjusted gross income) is
 19 amended by striking “The maximum amount which a con-
 20 tributor” and inserting “In the case of a contributor who
 21 is an individual, the maximum amount the contributor”.

22 (e) *NO DOUBLE BENEFIT.*—Section 530(d)(2) (relat-
 23 ing to distributions for qualified education expenses), as
 24 amended by subsection (a)(3), is amended by adding at the
 25 end the following new subparagraph:

1 “(E) DISALLOWANCE OF EXCLUDED
2 AMOUNTS AS CREDIT OR DEDUCTION.—No deduc-
3 tion or credit shall be allowed to the taxpayer
4 under any other section of this chapter for any
5 qualified education expenses to the extent taken
6 into account in determining the amount of the
7 exclusion under this paragraph.”.

8 (f) TECHNICAL CORRECTIONS.—

9 (1)(A) Section 530(b)(1)(E) (defining education
10 individual retirement account) is amended to read as
11 follows:

12 “(E) Any balance to the credit of the des-
13 ignated beneficiary on the date on which the ben-
14 eficiary attains age 30 shall be distributed with-
15 in 30 days after such date to the beneficiary or,
16 if the beneficiary dies before attaining age 30,
17 shall be distributed within 30 days after the date
18 of death to the estate of such beneficiary.”.

19 (B) Section 530(d) (relating to tax treatment of
20 distributions) is amended by adding at the end the
21 following new paragraph:

22 “(8) DEEMED DISTRIBUTION ON REQUIRED DIS-
23 TRIBUTION DATE.—In any case in which a distribu-
24 tion is required under subsection (b)(1)(E), any bal-
25 ance to the credit of a designated beneficiary as of the

1 *close of the 30-day period referred to in such sub-*
 2 *section for making such distribution shall be deemed*
 3 *distributed at the close of such period.”.*

4 (2)(A) *Section 530(d)(1) is amended by striking*
 5 *“section 72(b)” and inserting “section 72”.*

6 (B) *Section 72(e) (relating to amounts not re-*
 7 *ceived as annuities) is amended by inserting after*
 8 *paragraph (8) the following new paragraph:*

9 “(9) *EXTENSION OF PARAGRAPH (2)(B) TO QUALI-*
 10 *FIED STATE TUITION PROGRAMS AND EDUCATIONAL*
 11 *INDIVIDUAL RETIREMENT ACCOUNTS.—Notwithstand-*
 12 *ing any other provision of this subsection, paragraph*
 13 *(2)(B) shall apply to amounts received under a quali-*
 14 *fied State tuition program (as defined in section*
 15 *529(b)) or under an education individual retirement*
 16 *account (as defined in section 530(b)). The rule of*
 17 *paragraph (8)(B) shall apply for purposes of this*
 18 *paragraph.”.*

19 (3) *Section 530(d)(4)(B) (relating to exceptions)*
 20 *is amended by striking “or” at the end of clause (ii),*
 21 *by striking the period at the end of clause (iii) and*
 22 *inserting “, or”, and by adding at the end the follow-*
 23 *ing new clause:*

24 “(iv) *an amount which is includible in*
 25 *gross income solely because the taxpayer*

1 elected under paragraph (2)(C) to waive the
 2 application of paragraph (2) for the taxable
 3 year.”.

4 (g) *EFFECTIVE DATES.*—

5 (1) *IN GENERAL.*—Except as provided in para-
 6 graph (2), the amendments made by this section shall
 7 apply to taxable years beginning after December 31,
 8 1998.

9 (2) *TECHNICAL CORRECTIONS.*—The amend-
 10 ments made by subsection (f) shall take effect as if in-
 11 cluded in the amendments made by section 213 of the
 12 Taxpayer Relief Act of 1997.

13 **SEC. 102. PROHIBITION ON FEDERALLY SPONSORED TEST-**
 14 **ING.**

15 (a) *FINDINGS.*—Congress makes the following findings:

16 (1) *High State and local standards in reading,*
 17 *mathematics, and other core academic subjects are es-*
 18 *sential to the future well-being of elementary and sec-*
 19 *ondary education in the United States.*

20 (2) *State and local control of education is the*
 21 *hallmark of education in the United States.*

22 (3) *Each of the 50 States already utilizes numer-*
 23 *ous tests to measure student achievement, including*
 24 *State and commercially available assessments. State*

1 *assessments are based primarily upon State and lo-*
2 *cally developed academic standards.*

3 (4) *Public Law 105–78, the Departments of*
4 *Labor, Health and Human Services, and Education,*
5 *and Related Agencies Appropriations Act, 1998, en-*
6 *sures that Federal funds may not be used to field test,*
7 *pilot test, implement, administer, or distribute in any*
8 *way, any federally sponsored national test in fiscal*
9 *year 1998, requires the National Academy of Sciences*
10 *to conduct a study to determine whether an equiva-*
11 *lency scale can be developed that would allow existing*
12 *tests to be compared one to another, and permits very*
13 *limited test development activities in fourth grade*
14 *reading and eighth grade mathematics in fiscal year*
15 *1998.*

16 (5) *There is no specific or explicit authority in*
17 *current Federal law authorizing the proposed feder-*
18 *ally sponsored national tests in fourth grade reading*
19 *and eighth grade mathematics.*

20 (6) *The decision of whether or not the United*
21 *States implements, administers, disseminates, or oth-*
22 *erwise has federally sponsored national tests in fourth*
23 *grade reading and eighth grade mathematics or any*
24 *other subject, will be determined primarily through*

(b) *PROHIBITION ON FEDERALLY SPONSORED TESTING.*—Part C of the General Education Provisions Act (20 U.S.C. 1231 et seq.) is amended by adding at the end the following:

7 “SEC. 447. PROHIBITION ON FEDERALLY SPONSORED TEST-
8 ING.

9 “(a) *GENERAL PROHIBITION.*—Notwithstanding any
10 other provision of Federal law and, except as provided in
11 sections 305 through 311 of Public Law 105–78, the Depart-
12 ments of Labor, Health and Human Services, and Edu-
13 cation, and Related Agencies Appropriations Act, 1998,
14 funds provided to the Department of Education or to an
15 applicable program under this Act or any other Act, may
16 not be used to develop, plan, implement (including pilot
17 testing or field testing), or administer any federally spon-
18 sored national test in reading, mathematics, or any other
19 subject that is not specifically and explicitly provided for
20 in authorizing legislation enacted into law.

21 “(b) *EXCEPTIONS.*—Subsection (a) shall not apply to
22 the Third International Mathematics and Science Study or
23 other international comparative assessments developed
24 under the authority of section 404(a)(6) of the National
25 Education Statistics Act of 1994 (20 U.S.C. 9003(a)(6) et

1 *seq.), and administered to only a representative sample of*
 2 *pupils in the United States and in foreign nations.”.*

3 **SEC. 103. STUDENT IMPROVEMENT INCENTIVE AWARDS.**

4 *Section 6201 of the Elementary and Secondary Edu-*
 5 *cation Act of 1965 (20 U.S.C. 7331) is amended—*

6 *(1) in subsection (a)—*

7 *(A) in paragraph (1)(C), by striking “and”*
 8 *after the semicolon;*

9 *(B) in paragraph (2), by striking the period*
 10 *and inserting “; and”; and*

11 *(C) by adding at the end the following:*

12 *“(3) student improvement incentive awards de-*
 13 *scribed in subsection (c).”; and*

14 *(2) by adding at the end the following:*

15 *“(c) STUDENT IMPROVEMENT INCENTIVE AWARDS.—*

16 *“(1) AWARDS.—A State educational agency may*
 17 *use funds made available for State use under this title*
 18 *to make awards to public schools in the State that are*
 19 *determined to be outstanding schools pursuant to a*
 20 *statewide assessment described in paragraph (2).*

21 *“(2) STATEWIDE ASSESSMENT.—The statewide*
 22 *assessment referred to in paragraph (1)—*

23 *“(A) shall—*

1 “(i) determine the educational progress
 2 of students attending public schools within
 3 the State; and

4 “(ii) allow for an objective analysis of
 5 the assessment on a school-by-school basis;
 6 and

7 “(B) may involve exit exams.”.

8 **SEC. 104. EXCLUSION FROM GROSS INCOME OF EDUCATION**
 9 **DISTRIBUTIONS FROM QUALIFIED STATE TUI-**
 10 **TION PROGRAMS.**

11 (a) *IN GENERAL.*—Section 529(c)(3)(B) (relating to
 12 distributions) is amended to read as follows:

13 “(B) *DISTRIBUTIONS FOR QUALIFIED HIGH-*
 14 *ER EDUCATION EXPENSES.*—

15 “(i) *IN GENERAL.*—No amount shall be
 16 includible in gross income under subpara-
 17 graph (A) if the qualified higher education
 18 expenses of the designated beneficiary dur-
 19 ing the taxable year are not less than the
 20 aggregate distributions during the taxable
 21 year.

22 “(ii) *DISTRIBUTIONS IN EXCESS OF*
 23 *EXPENSES.*—If such aggregate distributions
 24 exceed such expenses during the taxable
 25 year, the amount otherwise includible in

1 *gross income under subparagraph (A) shall*
2 *be reduced by the amount which bears the*
3 *same ratio to the amount so includible*
4 *(without regard to this subparagraph) as*
5 *such expenses bear to such aggregate dis-*
6 *tributions.*

7 “(iii) *ELECTION TO WAIVE EXCLU-*
8 *SION.—A taxpayer may elect to waive the*
9 *application of this subparagraph for any*
10 *taxable year.*

11 “(iv) *IN-KIND DISTRIBUTIONS.—Any*
12 *benefit furnished to a designated beneficiary*
13 *under a qualified State tuition program*
14 *shall be treated as a distribution to the ben-*
15 *eficiary for purposes of this paragraph.*

16 “(v) *DISALLOWANCE OF EXCLUDED*
17 *AMOUNTS AS CREDIT OR DEDUCTION.—No*
18 *deduction or credit shall be allowed to the*
19 *taxpayer under any other section of this*
20 *chapter for any qualified higher education*
21 *expenses to the extent taken into account in*
22 *determining the amount of the exclusion*
23 *under this paragraph.”.*

1 **(b) DEFINITION OF QUALIFIED HIGHER EDUCATION**
 2 **EXPENSES.**—Section 529(e)(3)(A) (defining qualified high-
 3 er education expenses) is amended to read as follows:

4 “(A) **IN GENERAL.**—The term ‘qualified
 5 higher education expenses’ means expenses for
 6 tuition, fees, academic tutoring, special needs
 7 services, books, supplies, computer equipment
 8 (including related software and services), and
 9 other equipment which are incurred in connec-
 10 tion with the enrollment or attendance of the des-
 11 ignated beneficiary at an eligible educational in-
 12 stitution.”.

13 **(c) COORDINATION WITH EDUCATION CREDITS.**—Sec-
 14 tion 25A(e)(2) (relating to coordination with exclusions) is
 15 amended—

16 (1) by inserting “a qualified State tuition pro-
 17 gram or” before “an education individual retirement
 18 account”, and

19 (2) by striking “section 530(d)(2)” and inserting
 20 “section 529(c)(3)(B) or 530(d)(2)”.

21 **(d) TECHNICAL CORRECTION.**—Section 529(c)(3)(A) is
 22 amended by striking “section 72(b)” and inserting “section
 23 72”.

24 **(e) EFFECTIVE DATES.**—

1 (1) *IN GENERAL.*—*Except as provided in para-*
 2 *graph (2), the amendments made by this section shall*
 3 *apply to taxable years beginning after December 31,*
 4 *1998.*

5 (2) *TECHNICAL CORRECTION.*—*The amendment*
 6 *made by subsection (d) shall take effect as if included*
 7 *in the amendments made by section 211 of the Tax-*
 8 *payer Relief Act of 1997.*

9 **SEC. 105. EXTENSION OF EXCLUSION FOR EMPLOYER-PRO-**
 10 **VIDED EDUCATIONAL ASSISTANCE.**

11 (a) *IN GENERAL.*—*Section 127(d) (relating to termi-*
 12 *nation of exclusion for educational assistance programs) is*
 13 *amended by striking “May 31, 2000” and inserting “De-*
 14 *cember 31, 2002”.*

15 (b) *REPEAL OF LIMITATION ON GRADUATE EDU-*
 16 *CATION.*—*The last sentence of section 127(c)(1) (defining*
 17 *educational assistance) is amended by striking “, and such*
 18 *term also does not include any payment for, or the provi-*
 19 *sion of any benefits with respect to, any graduate level*
 20 *course of a kind normally taken by an individual pursuing*
 21 *a program leading to a law, business, medical, or other ad-*
 22 *vanced academic or professional degree”.*

23 (c) *EFFECTIVE DATES.*—

1 (1) *EXTENSION.*—*The amendment made by sub-*
 2 *section (a) shall apply to expenses paid with respect*
 3 *to courses beginning after May 31, 2000.*

4 (2) *GRADUATE EDUCATION.*—*The amendment*
 5 *made by subsection (b) shall apply to expenses paid*
 6 *with respect to courses beginning after December 31,*
 7 *1997.*

8 **SEC. 106. ADDITIONAL INCREASE IN ARBITRAGE REBATE**
 9 **EXCEPTION FOR GOVERNMENTAL BONDS**
 10 **USED TO FINANCE EDUCATION FACILITIES.**

11 (a) *IN GENERAL.*—*Section 148(f)(4)(D)(vii) (relating*
 12 *to increase in exception for bonds financing public school*
 13 *capital expenditures) is amended by striking “\$5,000,000”*
 14 *the second place it appears and inserting “\$10,000,000”.*

15 (b) *EFFECTIVE DATE.*—*The amendment made by sub-*
 16 *section (a) shall apply to obligations issued after December*
 17 *31, 1998.*

18 **SEC. 107. EXCLUSION OF CERTAIN AMOUNTS RECEIVED**
 19 **UNDER THE NATIONAL HEALTH CORPS**
 20 **SCHOLARSHIP PROGRAM.**

21 (a) *IN GENERAL.*—*Section 117(c) (relating to the ex-*
 22 *clusion from gross income amounts received as a qualified*
 23 *scholarship) is amended—*

24 (1) *by striking “Subsections (a)” and inserting*
 25 *the following:*

1 “(1) *IN GENERAL.*—*Except as provided in para-*
2 *graph (2), subsections (a)*”; and

3 (2) *by adding at the end the following new para-*
4 *graph:*

5 “(2) *NATIONAL HEALTH CORPS SCHOLARSHIP*
6 *PROGRAM.*—*Paragraph (1) shall not apply to any*
7 *amount received by an individual under the National*
8 *Health Corps Scholarship Program under section*
9 *338A(g)(1)(A) of the Public Health Service Act.”.*

10 (b) *EFFECTIVE DATE.*—*The amendments made by sub-*
11 *section (a) shall apply to amounts received in taxable years*
12 *beginning after December 31, 1993.*

13 **SEC. 108. TREATMENT OF QUALIFIED PUBLIC EDU-**
14 **CATIONAL FACILITY BONDS AS EXEMPT FA-**
15 **CILITY BONDS.**

16 (a) *TREATMENT AS EXEMPT FACILITY BOND.*—*Sub-*
17 *section (a) of section 142 (relating to exempt facility bond)*
18 *is amended by striking “or” at the end of paragraph (11),*
19 *by striking the period at the end of paragraph (12) and*
20 *inserting “, or”, and by adding at the end the following:*

21 “(13) *qualified public educational facilities.*”.

22 (b) *QUALIFIED PUBLIC EDUCATIONAL FACILITIES.*—
23 *Section 142 is amended by adding at the end the following:*

24 “(k) *QUALIFIED PUBLIC EDUCATIONAL FACILITIES.*—

1 “(1) *IN GENERAL.*—For purposes of subsection
 2 (a)(13), the term ‘qualified public educational facil-
 3 ity’ means any school facility which is—

4 “(A) part of a public elementary school or
 5 a public secondary school,

6 “(B) except as provided in paragraph
 7 (6)(B)(iii), located in a high-growth school dis-
 8 trict, and

9 “(C) owned by a private, for-profit corpora-
 10 tion pursuant to a public-private partnership
 11 agreement with a State or local educational
 12 agency described in paragraph (2).

13 “(2) *PUBLIC-PRIVATE PARTNERSHIP AGREEMENT*
 14 *DESCRIBED.*—A public-private partnership agreement
 15 is described in this paragraph if it is an agreement—

16 “(A) under which the corporation agrees—

17 “(i) to do 1 or more of the following:
 18 construct, rehabilitate, refurbish, or equip a
 19 school facility, and

20 “(ii) at the end of the contract term, to
 21 transfer the school facility to such agency
 22 for no additional consideration, and

23 “(B) the term of which does not exceed the
 24 term of the underlying issue.

1 “(3) *SCHOOL FACILITY*.—For purposes of this
2 subsection, the term ‘school facility’ means—

3 “(A) *school buildings,*

4 “(B) *functionally related and subordinate*
5 *facilities and land with respect to such buildings,*
6 *including any stadium or other facility pri-*
7 *marily used for school events, and*

8 “(C) *any property, to which section 168 ap-*
9 *plies (or would apply but for section 179), for*
10 *use in the facility.*

11 “(4) *PUBLIC SCHOOLS*.—For purposes of this
12 subsection, the terms ‘elementary school’ and ‘second-
13 ary school’ have the meanings given such terms by
14 section 14101 of the *Elementary and Secondary Edu-*
15 *cation Act of 1965 (20 U.S.C. 8801), as in effect on*
16 *the date of the enactment of this subsection.*

17 “(5) *HIGH-GROWTH SCHOOL DISTRICT*.—For
18 purposes of this subsection, the term ‘high-growth
19 school district’ means a school district established
20 under State law which had an enrollment of at least
21 5,000 students in the second academic year preceding
22 the date of the issuance of the bond and an increase
23 in student enrollment of at least 20 percent during
24 the 5-year period ending with such academic year.

1 “(6) *ANNUAL AGGREGATE FACE AMOUNT OF TAX-*
2 *EXEMPT FINANCING.*—

3 “(A) *IN GENERAL.*—*An issue shall not be*
4 *treated as an issue described in subsection*
5 *(a)(13) if the aggregate face amount of bonds*
6 *issued by the State pursuant thereto (when*
7 *added to the aggregate face amount of bonds pre-*
8 *viously so issued during the calendar year) ex-*
9 *ceeds an amount equal to the greater of—*

10 “(i) *\$10 multiplied by the State popu-*
11 *lation, or*

12 “(ii) *\$5,000,000.*

13 “(B) *ALLOCATION RULES.*—

14 “(i) *IN GENERAL.*—*Except as otherwise*
15 *provided in this subparagraph, the State*
16 *may allocate in a calendar year the amount*
17 *described in subparagraph (A) for such year*
18 *in such manner as the State determines ap-*
19 *propriate.*

20 “(ii) *RULES FOR CARRYFORWARD OF*
21 *UNUSED AMOUNT.*—*With respect to any cal-*
22 *endar year, a State may make an election*
23 *under rules similar to the rules of section*
24 *146(f), except that the sole carryforward*
25 *purpose with respect to such election is the*

issuance of exempt facility bonds described
in section 142(a)(13).

“(iii) *SPECIAL ALLOCATION RULE FOR
SCHOOLS OUTSIDE HIGH-GROWTH SCHOOL
DISTRICTS.*—A State may elect to allocate
an aggregate face amount of bonds not to
exceed \$5,000,000 from the amount de-
scribed in subparagraph (A) for each cal-
endar year for qualified public educational
facilities without regard to the requirement
under paragraph (1)(A).”.

(c) *EXEMPTION FROM GENERAL STATE VOLUME
CAPS.*—Paragraph (3) of section 146(g) (relating to excep-
tion for certain bonds) is amended—

(1) by striking “or (12)” and inserting “(12), or
(13)”, and

(2) by striking “and environmental enhance-
ments of hydroelectric generating facilities” and in-
serting “environmental enhancements of hydroelectric
generating facilities, and qualified public educational
facilities”.

(d) *EXEMPTION FROM LIMITATION ON USE FOR LAND
ACQUISITION.*—Section 147(h) (relating to certain rules not
apply) is amended—

(1) by adding at the end the following:

1 “(3) *EXEMPT FACILITY BONDS FOR QUALIFIED*
 2 *PUBLIC EDUCATIONAL FACILITIES.*—Subsection (c)
 3 *shall not apply to any exempt facility bond issued as*
 4 *part of an issue described in section 142(a)(13) (relat-*
 5 *ing to qualified public educational facilities).*”, and

6 (2) *by striking “MORTGAGE REVENUE BONDS,*
 7 *QUALIFIED STUDENT LOAN BONDS, AND QUALIFIED*
 8 *501(c)(3) BONDS” in the heading and inserting “CER-*
 9 *TAIN BONDS”.*

10 (e) *EFFECTIVE DATE.*—The amendments made by this
 11 section shall apply to bonds issued after December 31, 1998.

12 **TITLE II—REVENUE**

13 **SEC. 201. CLARIFICATION OF DEDUCTION FOR DEFERRED** 14 **COMPENSATION.**

15 (a) *IN GENERAL.*—Section 404(a) (relating to deduc-
 16 tion for contributions of an employer to an employee’s trust
 17 or annuity plan and compensation under a deferred-pay-
 18 ment plan) is amended by adding at the end the following
 19 new paragraph:

20 “(11) *DETERMINATIONS RELATING TO DEFERRED*
 21 *COMPENSATION.*—

22 “(A) *IN GENERAL.*—For purposes of deter-
 23 mining under this section—

24 “(i) *whether compensation of an em-*
 25 *ployee is deferred compensation, and*

1 “(ii) when deferred compensation is
 2 paid,
 3 no amount shall be treated as received by the em-
 4 ployee, or paid, until it is actually received by
 5 the employee.

6 “(B) EXCEPTION.—Subparagraph (A) shall
 7 not apply to severance pay.”.

8 (b) EFFECTIVE DATE.—

9 (1) IN GENERAL.—The amendment made by sub-
 10 section (a) shall apply to taxable years ending after
 11 the date of the enactment of this Act.

12 (2) CHANGE IN METHOD OF ACCOUNTING.—In
 13 the case of any taxpayer required by the amendment
 14 made by subsection (a) to change its method of ac-
 15 counting for its first taxable year ending after the
 16 date of the enactment of this Act—

17 (A) such change shall be treated as initiated
 18 by the taxpayer,

19 (B) such change shall be treated as made
 20 with the consent of the Secretary of the Treasury,
 21 and

22 (C) the net amount of the adjustments re-
 23 quired to be taken into account by the taxpayer
 24 under section 481 of the Internal Revenue Code

1 *of 1986 shall be taken into account in such first*
 2 *taxable year.*

3 **SEC. 202. MODIFICATION TO FOREIGN TAX CREDIT**
 4 **CARRYBACK AND CARRYOVER PERIODS.**

5 *(a) IN GENERAL.—Section 904(c) (relating to limita-*
 6 *tion on credit) is amended—*

7 *(1) by striking “in the second preceding taxable*
 8 *year,” and*

9 *(2) by striking “or fifth” and inserting “fifth,*
 10 *sixth, or seventh”.*

11 *(b) EFFECTIVE DATE.—The amendment made by sub-*
 12 *section (a) shall apply to credits arising in taxable years*
 13 *beginning after December 31, 2000.*

14 **TITLE III—MEASURES TO EN-**
 15 **COURAGE RESULTS IN**
 16 **TEACHING**

17 **SEC. 301. STATE INCENTIVES FOR TEACHER TESTING AND**
 18 **MERIT PAY.**

19 *(a) SHORT TITLE.—This section may be cited as the*
 20 *“Measures to Encourage Results in Teaching Act of 1998”.*

21 *(b) FINDINGS.—Congress makes the following findings:*

22 *(1) All students deserve to be taught by well-edu-*
 23 *cated, competent, and qualified teachers.*

24 *(2) More than ever before, education has and will*
 25 *continue to become the ticket not only to economic*

1 *success but to basic survival. Students will not suc-*
2 *ceed in meeting the demands of a knowledge-based,*
3 *21st century society and economy if the students do*
4 *not encounter more challenging work in school. For*
5 *future generations to have the opportunities to achieve*
6 *success the future generations will need to have an*
7 *education and a teacher workforce second to none.*

8 *(3) No other intervention can make the difference*
9 *that a knowledgeable, skillful teacher can make in the*
10 *learning process. At the same time, nothing can fully*
11 *compensate for weak teaching that, despite good in-*
12 *tentions, can result from a teacher's lack of oppor-*
13 *tunity to acquire the knowledge and skill needed to*
14 *help students master the curriculum.*

15 *(4) The Federal Government established the*
16 *Dwight D. Eisenhower Professional Development Pro-*
17 *gram in 1985 to ensure that teachers and other edu-*
18 *cational staff have access to sustained and high-qual-*
19 *ity professional development. This ongoing develop-*
20 *ment must include the ability to demonstrate and*
21 *judge the performance of teachers and other instruc-*
22 *tional staff.*

23 *(5) States should evaluate their teachers on the*
24 *basis of demonstrated ability, including tests of sub-*
25 *ject matter knowledge, teaching knowledge, and teach-*

1 *ing skill. States should develop a test for their teach-*
 2 *ers and other instructional staff with respect to the*
 3 *subjects taught by the teachers and staff, and should*
 4 *administer the test every 3 to 5 years.*

5 *(6) Evaluating and rewarding teachers with a*
 6 *compensation system that supports teachers who be-*
 7 *come increasingly expert in a subject area, are pro-*
 8 *ficient in meeting the needs of students and schools,*
 9 *and demonstrate high levels of performance measured*
 10 *against professional teaching standards, will encour-*
 11 *age teachers to continue to learn needed skills and*
 12 *broaden teachers' expertise, thereby enhancing edu-*
 13 *cation for all students.*

14 *(c) PURPOSES.—The purposes of this section are as fol-*
 15 *lows:*

16 *(1) To provide incentives for States to establish*
 17 *and administer periodic teacher testing and merit*
 18 *pay programs for elementary school and secondary*
 19 *school teachers.*

20 *(2) To encourage States to establish merit pay*
 21 *programs that have a significant impact on teacher*
 22 *salary scales.*

23 *(3) To encourage programs that recognize and*
 24 *reward the best teachers, and encourage those teachers*
 25 *that need to do better.*

1 (d) *STATE INCENTIVES FOR TEACHER TESTING AND*
 2 *MERIT PAY.*—

3 (1) *AMENDMENTS.*—*Title II of the Elementary*
 4 *and Secondary Education Act of 1965 (20 U.S.C.*
 5 *6601 et seq.) is amended—*

6 (A) *by redesignating part D as part E;*

7 (B) *by redesignating sections 2401 and*
 8 *2402 as sections 2501 and 2502, respectively;*
 9 *and*

10 (C) *by inserting after part C the following:*

11 **“PART D—STATE INCENTIVES FOR TEACHER**

12 **TESTING AND MERIT PAY**

13 **“SEC. 2401. STATE INCENTIVES FOR TEACHER TESTING AND**

14 **MERIT PAY.**

15 “(a) *STATE AWARDS.*—*Notwithstanding any other*
 16 *provision of this title, from funds described in subsection*
 17 *(b) that are made available for a fiscal year, the Secretary*
 18 *shall make an award to each State that—*

19 “(1) *administers a test to each elementary school*
 20 *and secondary school teacher in the State, with re-*
 21 *spect to the subjects taught by the teacher, every 3 to*
 22 *5 years; and*

23 “(2) *has an elementary school and secondary*
 24 *school teacher compensation system that is based on*
 25 *merit.*

1 “(b) *AVAILABLE FUNDING.*—*The amount of funds re-*
2 *ferred to in subsection (a) that are available to carry out*
3 *this section for a fiscal year is 50 percent of the amount*
4 *of funds appropriated to carry out this title that are in*
5 *excess of the amount so appropriated for fiscal year 1999,*
6 *except that no funds shall be available to carry out this*
7 *section for any fiscal year for which—*

8 “(1) *the amount appropriated to carry out this*
9 *title exceeds \$600,000,000; or*

10 “(2) *each of the several States is eligible to re-*
11 *ceive an award under this section.*

12 “(c) *AWARD AMOUNT.*—*A State shall receive an award*
13 *under this section in an amount that bears the same rela-*
14 *tion to the total amount available for awards under this*
15 *section for a fiscal year as the number of States that are*
16 *eligible to receive such an award for the fiscal year bears*
17 *to the total number of all States so eligible for the fiscal*
18 *year.*

19 “(d) *USE OF FUNDS.*—*Funds provided under this sec-*
20 *tion may be used by States to carry out the activities de-*
21 *scribed in section 2207.*

22 “(e) *DEFINITION OF STATE.*—*For the purpose of this*
23 *section, the term ‘State’ means each of the 50 States and*
24 *the District of Columbia.’.*

1 (2) *EFFECTIVE DATE.*—*The amendments made*
 2 *by paragraph (1) shall take effect on October 2, 1999.*

3 (e) *TEACHER TESTING AND MERIT PAY.*—

4 (1) *IN GENERAL.*—*Notwithstanding any other*
 5 *provision of law, a State may use Federal education*
 6 *funds—*

7 (A) *to carry out a test of each elementary*
 8 *school or secondary school teacher in the State*
 9 *with respect to the subjects taught by the teacher;*
 10 *or*

11 (B) *to establish a merit pay program for*
 12 *the teachers.*

13 (2) *DEFINITIONS.*—*In this subsection, the terms*
 14 *“elementary school” and “secondary school” have the*
 15 *meanings given the terms in section 14101 of the Ele-*
 16 *mentary and Secondary Education Act of 1965 (20*
 17 *U.S.C. 8801).*

18 ***TITLE IV—EQUAL EDUCATIONAL*** 19 ***OPPORTUNITY***

20 ***SEC. 401. EQUAL EDUCATIONAL OPPORTUNITY.***

21 *Subsection (b) of section 6301 of the Elementary and*
 22 *Secondary Education Act of 1965 (20 U.S.C. 7351) is*
 23 *amended—*

24 (1) *in paragraph (7), by striking “and” after the*
 25 *semicolon;*

1 (2) *in paragraph (8), by striking the period and*
 2 *inserting “; and”; and*

3 (3) *by adding at the end the following:*

4 “(9) *education reform projects that provide same*
 5 *gender schools and classrooms, as long as comparable*
 6 *educational opportunities are offered for students of*
 7 *both sexes.”.*

8 ***TITLE V—EDUCATION FUNDING***

9 ***SEC. 501. DIRECT AWARDS OF CERTAIN EDUCATION FUND-*** 10 ***ING.***

11 (a) *STATE OPTIONS.—*

12 (1) *IN GENERAL.—Notwithstanding any other*
 13 *provision of law and subject to subsection (b)(2), each*
 14 *State shall notify the Secretary regarding the State’s*
 15 *election to receive the State’s portion of the applicable*
 16 *funding described in subsection (e) according to one*
 17 *of the following options:*

18 (A) *STATE BLOCK GRANT OPTION.—The*
 19 *State may receive the funding pursuant to a*
 20 *State allotment described in subsection (c)(1)(A).*

21 (B) *LOCAL BLOCK GRANT OPTION.—The*
 22 *State may direct the Secretary to send the fund-*
 23 *ing directly to local educational agencies in the*
 24 *State pursuant to a local allotment described in*
 25 *subsection (c)(1)(B).*

1 (C) *FEDERAL STATUTE OPTION.*—*The State*
 2 *may receive the funding according to the provi-*
 3 *sions of law described in subsection (e).*

4 (2) *OPTION REQUIREMENTS.*—

5 (A) *IN GENERAL.*—*A State shall select an*
 6 *option described in paragraph (1)—*

7 (i) *within 1 year of the date of enact-*
 8 *ment of this Act;*

9 (ii) *pursuant to a majority vote of the*
 10 *State legislature; and*

11 (iii) *with the concurrence of the Gov-*
 12 *ernor.*

13 (B) *FAILURE TO SELECT AN OPTION.*—

14 (i) *IN GENERAL.*—*If a State legislature*
 15 *meets within 1 year of the date of enact-*
 16 *ment of this Act and fails to select an op-*
 17 *tion in accordance with this subsection, the*
 18 *Secretary shall award the applicable fund-*
 19 *ing pursuant to paragraph (1)(B).*

20 (ii) *LEGISLATURE WHICH DOES NOT*
 21 *MEET.*—*If a State does not select an option*
 22 *described in paragraph (1) in accordance*
 23 *with this subsection because the State legis-*
 24 *lature does not meet within 1 year of the*
 25 *date of enactment of this Act, the State may*

1 *select, at the first meeting of the State legis-*
2 *lature after such date, any such option in*
3 *accordance with this subsection, which op-*
4 *tion shall take effect for the fiscal year that*
5 *begins after such meeting.*

6 (C) *CHANGES.—*

7 (i) *BLOCK GRANT OPTIONS.—If a State*
8 *selects the option described in subparagraph*
9 *(A) or (B) of paragraph (1), the State may*
10 *alter the selection made under paragraph*
11 *(1) only once and only after receiving the*
12 *applicable funding for 3 years pursuant to*
13 *the option described in such subparagraph.*

14 (ii) *FEDERAL STATUTE OPTION.—Sub-*
15 *ject to clause (i), if a State selects the op-*
16 *tion described in paragraph (1)(C) for a fis-*
17 *cal year, the State may select the option de-*
18 *scribed in subparagraph (A) or (B) of para-*
19 *graph (1) for the succeeding fiscal year.*

20 (3) *MINIMUM.—No State shall receive an amount*
21 *under this section for a fiscal year that is less than*
22 *0.5 percent of the applicable funding available for the*
23 *fiscal year.*

24 (4) *DEFINITIONS.—In this section—*

1 (A) the term “State” means each of the sev-
2 eral States of the United States, the District of
3 Columbia, and the Commonwealth of Puerto
4 Rico; and

5 (B) the term “outlying area” means Guam,
6 American Samoa, the Commonwealth of the
7 Northern Mariana Islands, the United States
8 Virgin Islands, the Republic of the Marshall Is-
9 lands, the Federated States of Micronesia, and
10 the Republic of Palau.

11 (b) *RESERVATION AND APPLICABILITY.*—

12 (1) *RESERVATION.*—From the total amount of
13 applicable funding available for a fiscal year, the Sec-
14 retary shall reserve 1 percent to make awards to the
15 Bureau of Indian Affairs and the outlying areas ac-
16 cording to their respective needs for assistance under
17 this section.

18 (2) *APPLICABILITY.*—The provisions of this sec-
19 tion shall not apply—

20 (A) for fiscal year 1999, if the total amount
21 appropriated to carry out the provisions of law
22 described in subsection (e) for the fiscal year is
23 less than \$2,564,000,000;

1 (B) for fiscal year 2000, if the total amount
2 so appropriated for the fiscal year is less than
3 \$2,625,000,000;

4 (C) for fiscal year 2001, if the total amount
5 so appropriated for the fiscal year is less than
6 \$2,687,000,000;

7 (D) for fiscal year 2002, if the total amount
8 so appropriated for the fiscal year is less than
9 \$2,750,000,000; and

10 (E) for fiscal year 2003, if the total amount
11 so appropriated for the fiscal year is less than
12 \$2,817,000,000.

13 (c) *BLOCK GRANTS.*—

14 (1) *ALLOTMENTS.*—

15 (A) *STATES.*—From the total applicable
16 funding available for a fiscal year, and not re-
17 served under subsection (b)(1) for the fiscal year,
18 the Secretary may make allotments to each State
19 selecting the option described in subsection
20 (a)(1)(A) in an amount that bears the same rela-
21 tion—

22 (i) to 50 percent of such total applica-
23 ble funding as the number of individuals in
24 the State who are aged 5 through 17 bears

1 to the total number of such individuals in
2 all States; and

3 (ii) to 50 percent of such total applica-
4 ble funding as the total amount all local
5 educational agencies in the State are eligi-
6 ble to receive under part A of title I of the
7 Elementary and Secondary Education Act
8 of 1965 for the fiscal year bears to the total
9 amount all local educational agencies in all
10 States are eligible to receive under such part
11 for the fiscal year.

12 (B) LOCAL EDUCATIONAL AGENCIES.—From
13 the total applicable funding available for a fiscal
14 year, and not reserved under subsection (b)(1)
15 for the fiscal year, the Secretary may make allot-
16 ments to each local educational agency in a
17 State selecting the option described in subsection
18 (a)(1)(B) in an amount that bears the same rela-
19 tion—

20 (i) to 50 percent of such total applica-
21 ble funding as the number of individuals in
22 the school district served by the local edu-
23 cational agency who are aged 5 through 17
24 bears to the total number of such individ-

1 uals in all school districts served by all
 2 local educational agencies in all States; and
 3 (ii) to 50 percent of such total amount
 4 as the total amount all local educational
 5 agencies in the State are eligible to receive
 6 under part A of title I of the Elementary
 7 and Secondary Education Act of 1965 for
 8 the fiscal year bears to the total amount all
 9 local educational agencies in all States are
 10 eligible to receive under such part for the
 11 fiscal year.

12 (2) *USE OF ALLOTTED FUNDS.*—

13 (A) *IN GENERAL.*—A State or local edu-
 14 cational agency receiving an allotment under
 15 paragraph (1) shall use the allotted funds for in-
 16 novative assistance programs described in sub-
 17 paragraph (B).

18 (B) *INNOVATIVE ASSISTANCE.*—The innova-
 19 tive assistance programs referred to in subpara-
 20 graph (A) include—

21 (i) technology programs related to the
 22 implementation of school-based reform pro-
 23 grams, including professional development
 24 to assist teachers and other school officials

1 *regarding how to use effectively such equip-*
2 *ment and software;*

3 (ii) *programs for the acquisition and*
4 *use of instructional and educational mate-*
5 *rials, including library services and mate-*
6 *rials (including media materials), assess-*
7 *ments, reference materials, computer soft-*
8 *ware and hardware for instructional use,*
9 *and other curricular materials that—*

10 (I) *are tied to high academic*
11 *standards;*

12 (II) *will be used to improve stu-*
13 *dent achievement; and*

14 (III) *are part of an overall edu-*
15 *cation reform program;*

16 (iii) *promising education reform pro-*
17 *grams, including effective schools and mag-*
18 *net schools;*

19 (iv) *programs to improve the higher*
20 *order thinking skills of disadvantaged ele-*
21 *mentary school and secondary school stu-*
22 *dents and to prevent students from drop-*
23 *ping out of school;*

1 (v) programs to combat illiteracy in
2 the student and adult populations, includ-
3 ing parent illiteracy;

4 (vi) programs to provide for the edu-
5 cational needs of gifted and talented chil-
6 dren;

7 (vii) hiring of teachers or teaching as-
8 sistants to decrease a school, school district,
9 or statewide student-to-teacher ratio; and

10 (viii) school improvement programs or
11 activities described in sections 1116 and
12 1117 of the Elementary and Secondary
13 Education Act of 1965.

14 (3) *STATE FUNDING RULE.*—

15 (A) *ADMINISTRATIVE EXPENSES AND*
16 *STATEWIDE ACTIVITIES.*—A State that receives
17 an allotment under paragraph (1)(A) for a fiscal
18 year may use not more than 5 percent of the al-
19 lotted funds for the fiscal year for administrative
20 expenses or statewide activities.

21 (B) *STATE FUNDING RULES.*—A State that
22 receives an allotment under paragraph (1)(A)—

23 (i) may, at the State's discretion, place
24 limits on the use of the allotted funds; and

1 (ii) may allocate the allotted funds to
 2 public and private entities within the State
 3 as the State determines appropriate.

4 (4) *HOLD HARMLESS REQUIREMENTS.*—

5 (A) *STATES.*—Notwithstanding any other
 6 provision of this section, no State that selects the
 7 option described in subsection (a)(1)(A) for a fis-
 8 cal year shall receive an amount under this sec-
 9 tion for the fiscal year that is less than the
 10 amount the State is, or all local educational
 11 agencies in the State are, eligible to receive pur-
 12 suant to the provisions of law described in sub-
 13 section (e) for the fiscal year.

14 (B) *LOCAL EDUCATIONAL AGENCIES.*—Not-
 15 withstanding any other provision of this section,
 16 no local educational agency for which the option
 17 described in subsection (a)(1)(B) is applicable
 18 for a fiscal year shall receive an amount under
 19 this section for the fiscal year that is less than
 20 the amount the local educational agency is eligi-
 21 ble to receive pursuant to the provisions of law
 22 described in subsection (e) for the fiscal year.

23 (d) *FEDERAL STATUTE OPTION.*—

24 (1) *IN GENERAL.*—From the applicable funding
 25 that remains after making the reservation under sub-

1 *section (b)(1) and allotments under subsection (c) for*
 2 *a fiscal year, the Secretary may make awards accord-*
 3 *ing to the provisions of law described in subsection*
 4 *(e), to State and local recipients, in States making*
 5 *the election described in subsection (a)(1)(C).*

6 (2) *PERCENTAGE REDUCTIONS.—The Secretary,*
 7 *after making the allotments under subsection (c) for*
 8 *a fiscal year, shall reduce the total amount of appli-*
 9 *cable funding available to carry out the provisions of*
 10 *law described in subsection (e) for the fiscal year, for*
 11 *any State selecting the option described in subsection*
 12 *(a)(1)(C), by an equal percentage for each such provi-*
 13 *sion.*

14 (e) *APPLICABLE FUNDING.—*

15 (1) *DEFINITION.—In this section, the term “ap-*
 16 *plicable funding” means all funds not used to carry*
 17 *out paragraph (2) for a fiscal year that are appro-*
 18 *priated for the Department of Education for the fiscal*
 19 *year to carry out programs or activities under the fol-*
 20 *lowing provisions of law:*

21 (A) *Title III of the Goals 2000: Educate*
 22 *America Act (20 U.S.C. 5881 et seq.).*

23 (B) *Title IV of the Goals 2000: Educate*
 24 *America Act (20 U.S.C. 5911 et seq.).*

1 (C) *Title VI of the Goals 2000: Educate*
2 *America Act (20 U.S.C. 5951).*

3 (D) *Titles II, III, and IV of the School-to-*
4 *Work Opportunities Act of 1994 (20 U.S.C. 6121*
5 *et seq., 6171 et seq., and 6191 et seq.).*

6 (E) *Part A of title II of the Elementary and*
7 *Secondary Education Act of 1965 (20 U.S.C.*
8 *6621 et seq.).*

9 (F) *Section 3122 of the Elementary and*
10 *Secondary Education Act of 1965 (20 U.S.C.*
11 *6832).*

12 (G) *Sections 3132 and 3136 of the Elemen-*
13 *tary and Secondary Education Act of 1965 (20*
14 *U.S.C. 6842 and 6846).*

15 (H) *Section 3141 of the Elementary and*
16 *Secondary Education Act of 1965 (20 U.S.C.*
17 *6861).*

18 (I) *Part B of title III of the Elementary*
19 *and Secondary Education Act of 1965 (20*
20 *U.S.C. 6891 et seq.).*

21 (J) *Part C of title III of the Elementary*
22 *and Secondary Education Act of 1965 (20*
23 *U.S.C. 6921 et seq.).*

1 (K) *Part D of title III of the Elementary*
2 *and Secondary Education Act of 1965 (20*
3 *U.S.C. 6951 et seq.).*

4 (L) *Subpart 1 of part A of title IV of the*
5 *Elementary and Secondary Education Act of*
6 *1965 (20 U.S.C. 7111 et seq.).*

7 (M) *Subpart 2 of part A of title IV of the*
8 *Elementary and Secondary Education Act of*
9 *1965 (20 U.S.C. 7131 et seq.).*

10 (N) *Part A of title V of the Elementary and*
11 *Secondary Education Act of 1965 (20 U.S.C.*
12 *7201 et seq.).*

13 (O) *Title VI of the Elementary and Second-*
14 *ary Education Act of 1965 (20 U.S.C. 311 et*
15 *seq.).*

16 (P) *Part A of title X of the Elementary and*
17 *Secondary Education Act of 1965 (20 U.S.C.*
18 *8001 et seq.).*

19 (Q) *Part B of title X of the Elementary and*
20 *Secondary Education Act of 1965 (20 U.S.C.*
21 *8031 et seq.).*

22 (R) *Part G of title X of the Elementary and*
23 *Secondary Education Act of 1965 (20 U.S.C.*
24 *8161 et seq.).*

1 (S) *Part I of title X of the Elementary and*
 2 *Secondary Education Act of 1965 (20 U.S.C.*
 3 *8241 et seq.).*

4 (T) *Part A of title XIII of the Elementary*
 5 *and Secondary Education Act of 1965 (20*
 6 *U.S.C. 8621 et seq.).*

7 (U) *Part C of title XIII of the Elementary*
 8 *and Secondary Education Act of 1965 (20*
 9 *U.S.C. 8671 et seq.).*

10 (2) *MULTIYEAR AWARDS.—The Secretary shall*
 11 *use funds appropriated to carry out the provisions of*
 12 *law described in paragraph (1) (other than subpara-*
 13 *graphs (A), (B), and (O) of paragraph (1)) for each*
 14 *fiscal year to make payments to eligible recipients*
 15 *under such provisions pursuant to any multiyear*
 16 *award made under such provisions prior to the date*
 17 *of enactment of this Act. The payments shall be made*
 18 *for the duration of the multiyear award.*

19 (f) *CENSUS DETERMINATION.—*

20 (1) *IN GENERAL.—Each local educational agency*
 21 *shall conduct a census to determine the number of*
 22 *kindergarten through grade 12 students that are in*
 23 *the school district served by the local educational*
 24 *agency for an academic year.*

1 (2) *PRIVATE SCHOOL STUDENTS.*—*In carrying*
 2 *out paragraph (1), each local educational agency*
 3 *shall determine the number of private school students*
 4 *described in such paragraph for an academic year on*
 5 *the basis of data the agency determines reliable.*

6 (3) *SUBMISSION.*—*Each local educational agency*
 7 *shall submit the total number of public and private*
 8 *school children described in this paragraph for an*
 9 *academic year to the Secretary not later than Feb-*
 10 *ruary 1 of the academic year.*

11 (4) *PENALTY.*—*If the Secretary determines that*
 12 *a local educational agency has knowingly submitted*
 13 *false information under this subsection for the pur-*
 14 *pose of gaining additional funds under this section,*
 15 *then the local educational agency shall be fined an*
 16 *amount equal to twice the difference between the*
 17 *amount the local educational agency received under*
 18 *this section, and the correct amount the local edu-*
 19 *cational agency would have received if the agency had*
 20 *submitted accurate information under this subsection.*

21 **SEC. 502. DIRECT AWARDS OF PART A OF TITLE I FUNDING.**

22 (a) *DIRECT AWARDS.*—

23 (1) *IN GENERAL.*—*Notwithstanding any other*
 24 *provision of law and subject to subsection (c), the Sec-*
 25 *retary shall award the total amount of funds appro-*

1 *priated to carry out part A of title I of the Elemen-*
 2 *tary and Secondary Education Act of 1965 (20*
 3 *U.S.C. 6311 et seq.) for a fiscal year directly to local*
 4 *educational agencies in accordance with paragraph*
 5 *(2) to enable the local educational agencies to support*
 6 *programs or activities, for kindergarten through grade*
 7 *12 students, that the local educational agencies deem*
 8 *appropriate.*

9 (2) *ELIGIBLE LOCAL EDUCATIONAL AGENCIES.—*
 10 *The Secretary shall make awards under this section*
 11 *for a fiscal year only to local educational agencies*
 12 *that are eligible for assistance under part A of title*
 13 *I of the Elementary and Secondary Education Act of*
 14 *1965 for the fiscal year.*

15 (b) *AMOUNT.—Each local educational agency shall re-*
 16 *ceive an amount awarded under this subsection for a fiscal*
 17 *year equal to the amount the local educational agency is*
 18 *eligible to receive under part A of title I of the Elementary*
 19 *and Secondary Education Act of 1965 for the fiscal year.*

20 (c) *APPLICABILITY.—The provisions of this section*
 21 *shall not apply—*

22 (1) *for fiscal year 1999, if the total amount ap-*
 23 *propriated to carry out part A of title I of the Ele-*
 24 *mentary and Secondary Education Act of 1965 for*
 25 *the fiscal year is less than \$7,694,000,000;*

1 (2) *for fiscal year 2000, if the total amount so*
 2 *appropriated for the fiscal year is less than*
 3 *\$7,875,000,000;*

4 (3) *for fiscal year 2001, if the total amount so*
 5 *appropriated for the fiscal year is less than*
 6 *\$8,064,000,000;*

7 (4) *for fiscal year 2002, if the total amount so*
 8 *appropriated for the fiscal year is less than*
 9 *\$8,251,000,000; and*

10 (5) *for fiscal year 2003, if the total amount so*
 11 *appropriated for the fiscal year is less than*
 12 *\$8,426,000,000.*

13 (d) *REQUIREMENTS.—*

14 (1) *ELIGIBLE SCHOOL ATTENDANCE AREAS.—A*
 15 *local educational agency shall use funds received*
 16 *under this section only in eligible school attendance*
 17 *areas determined in accordance with section 1113 of*
 18 *the Elementary and Secondary Education Act of*
 19 *1965 other than subsection (c) of such section.*

20 (2) *ELIGIBLE PUPILS.—A local educational*
 21 *agency shall use funds received under this section—*

22 (A) *in the case of a school that meets the*
 23 *criteria described in section 1114(a)(1), to serve*
 24 *all pupils in the school; and*

1 (B) *in the case of a school that does not*
 2 *meet such criteria, to serve the children attend-*
 3 *ing the school who are eligible children described*
 4 *in section 1115(b).*

5 **SEC. 503. DIRECT AWARDS OF BILINGUAL EDUCATION**
 6 **FUNDING.**

7 (a) *STATE OPTIONS.*—

8 (1) *IN GENERAL.*—*Notwithstanding any other*
 9 *provision of law and subject to subsection (b)(2), each*
 10 *State shall notify the Secretary regarding the State’s*
 11 *election to receive the State’s portion of the finds ap-*
 12 *propriated to carry out parts A, B, and C of title VII*
 13 *of the Elementary and Secondary Education Act of*
 14 *1965 (20 U.S.C. 7401 et seq., 7511 et seq., and 7541*
 15 *et seq.) according to one of the following options:*

16 (A) *STATE BLOCK GRANT OPTION.*—*The*
 17 *State may receive the funding pursuant to a*
 18 *State allotment described in subsection (c)(1)(A).*

19 (B) *LOCAL BLOCK GRANT OPTION.*—*The*
 20 *State may direct the Secretary to send the fund-*
 21 *ing directly to local educational agencies in the*
 22 *State that serve the recipients in the State under*
 23 *parts A, B, and C pursuant to a local allotment*
 24 *described in subsection (c)(1)(B).*

1 (C) *FEDERAL STATUTE OPTION.*—*The State*
 2 *may receive the funding according to the provi-*
 3 *sions of law described in subsection (e).*

4 (2) *OPTION REQUIREMENTS.*—

5 (A) *IN GENERAL.*—*A State shall select an*
 6 *option described in paragraph (1)—*

7 (i) *within 1 year of the date of enact-*
 8 *ment of this Act;*

9 (ii) *pursuant to a majority vote of the*
 10 *State legislature; and*

11 (iii) *with the concurrence of the Gov-*
 12 *ernor.*

13 (B) *FAILURE TO SELECT AN OPTION.*—

14 (i) *IN GENERAL.*—*If a State legislature*
 15 *meets within 1 year of the date of enact-*
 16 *ment of this Act and fails to select an op-*
 17 *tion in accordance with this subsection, the*
 18 *Secretary shall award the applicable fund-*
 19 *ing pursuant to paragraph (1)(B).*

20 (ii) *LEGISLATURE WHICH DOES NOT*
 21 *MEET.*—*If a State does not select an option*
 22 *described in paragraph (1) in accordance*
 23 *with this subsection because the State legis-*
 24 *lature does not meet within 1 year of the*
 25 *date of enactment of this Act, the State may*

1 *select, at the first meeting of the State legis-*
 2 *lature after such date, any such option in*
 3 *accordance with this subsection, which op-*
 4 *tion shall take effect for the fiscal year that*
 5 *begins after such meeting.*

6 (C) *CHANGES.—*

7 (i) *BLOCK GRANTS.—If a State selects*
 8 *the option described in subparagraph (A) or*
 9 *(B) of paragraph (1), the State may alter*
 10 *the selection made under paragraph (1)*
 11 *only once and only after receiving the fund-*
 12 *ing for 3 years pursuant to the option de-*
 13 *scribed in such subparagraph.*

14 (ii) *FEDERAL STATUTE OPTION.—Sub-*
 15 *ject to clause (i), if a State selects the op-*
 16 *tion described in paragraph (1)(C) for a fis-*
 17 *cal year, the State may select the option de-*
 18 *scribed in subparagraph (A) or (B) of para-*
 19 *graph (1) for the succeeding fiscal year.*

20 (3) *MULTIYEAR AWARDS.—The Secretary shall*
 21 *use funds appropriated to carry out parts A, B, and*
 22 *C of title VII of the Elementary and Secondary Edu-*
 23 *cation Act of 1965 for each fiscal year to make pay-*
 24 *ments to eligible recipients under such parts pursuant*
 25 *to any multiyear award under such parts made prior*

1 to the date of enactment of this Act. The payments
2 shall be made for the duration of the multiyear
3 award.

4 (4) *DEFINITIONS.—In this section—*

5 (A) the term “State” means each of the sev-
6 eral States of the United States and the District
7 of Columbia; and

8 (B) the term “outlying area” means the
9 Commonwealth of Puerto Rico, Guam, American
10 Samoa, the Commonwealth of the Northern Mar-
11 iana Islands, the United States Virgin Islands,
12 the Republic of the Marshall Islands, the Fed-
13 erated States of Micronesia, and the Republic of
14 Palau.

15 (b) *RESERVATION AND APPLICABILITY.—*

16 (1) *RESERVATION.—From the total amount of*
17 *funds appropriated to carry out parts A, B, and C*
18 *of title VII of the Elementary and Secondary Edu-*
19 *cation Act of 1965 for a fiscal year that are not used*
20 *to carry out subsection (a)(3) for the fiscal year, the*
21 *Secretary shall reserve 1 percent to make awards to*
22 *the Bureau of Indian Affairs and the outlying areas*
23 *according to their respective needs for assistance*
24 *under this section.*

1 (2) *APPLICABILITY.*—*The provisions of this sec-*
 2 *tion shall not apply—*

3 (A) *for fiscal year 1999, if the total amount*
 4 *appropriated to carry out parts A, B, and C of*
 5 *title VII of the Elementary and Secondary Edu-*
 6 *cation Act of 1965 for the fiscal year is less than*
 7 *\$362,000,000;*

8 (B) *for fiscal year 2000, if the total amount*
 9 *so appropriated for the fiscal year is less than*
 10 *\$370,000,000;*

11 (C) *for fiscal year 2001, if the total amount*
 12 *so appropriated for the fiscal year is less than*
 13 *\$379,000,000;*

14 (D) *for fiscal year 2002, if the total amount*
 15 *so appropriated for the fiscal year is less than*
 16 *\$388,000,000; and*

17 (E) *for fiscal year 2003, if the total amount*
 18 *so appropriated for the fiscal year is less than*
 19 *\$398,000,000.*

20 (c) *BLOCK GRANTS.*—

21 (1) *ALLOTMENTS.*—

22 (A) *STATES.*—*From the total amount of*
 23 *funds appropriated to carry out parts A, B, and*
 24 *C of title VII of the Elementary and Secondary*
 25 *Education Act of 1965 for a fiscal year that are*

1 *not used to carry out subsection (a)(3) for the*
2 *fiscal year, and are not reserved under subsection*
3 *(b)(1) for the fiscal year, the Secretary may*
4 *make allotments to each State selecting the op-*
5 *tion described in subsection (a)(1)(A) in an*
6 *amount that bears the same relation to such total*
7 *amount of funds as the amount all entities in the*
8 *State received under such parts for fiscal year*
9 *1998 bears to the total amount all entities in all*
10 *States received under such parts for fiscal year*
11 *1998.*

12 *(B) LOCAL EDUCATIONAL AGENCIES.—From*
13 *the total amount of funds appropriated to carry*
14 *out parts A, B, and C of title VII of the Elemen-*
15 *tary and Secondary Education Act of 1965 for*
16 *a fiscal year that are not used to carry out sub-*
17 *section (a)(3) for the fiscal year, and are not re-*
18 *served under subsection (b)(1) for the fiscal year,*
19 *the Secretary may make allotments to each local*
20 *educational agency in a State selecting the op-*
21 *tion described in subsection (a)(1)(B) in an*
22 *amount that bears the same relation to such total*
23 *amount of funds as the amount all recipients in*
24 *the area served by the local educational agency*
25 *received under such parts for fiscal year 1998*

1 *bears to the total amount all recipients in all*
2 *areas served by all local educational agencies re-*
3 *ceived under such parts for fiscal year 1998.*

4 *(2) USE OF ALLOTTED FUNDS.—Funds awarded*
5 *under this section shall be used to pay for enhanced*
6 *instructional opportunities for limited English pro-*
7 *ficient children and youth, that may include—*

8 *(A) family literacy, parent outreach, and*
9 *training activities designed to assist parents to*
10 *become active participants in the education of*
11 *their children;*

12 *(B) salaries of personnel, including teacher*
13 *aids, who have been specifically trained, or are*
14 *being trained, to provide services to limited*
15 *English proficient children and youth;*

16 *(C) tutorials, mentoring, and academic or*
17 *career counseling for limited English proficient*
18 *children and youth;*

19 *(D) identification and acquisition of cur-*
20 *ricular materials, educational software, and*
21 *technologies to be used;*

22 *(E) basic instructional services that are di-*
23 *rectly attributable to the presence of limited*
24 *English proficient children, including the costs of*
25 *providing additional classroom supplies, over-*

head costs, costs of construction, acquisition or rental of space, costs of transportation, or such other costs as are directly attributable to such additional basic instructional services; and

(F) such other activities, related to innovative programs described in subparagraphs (A) through (E), as the Secretary may authorize.

(3) *STATE FUNDING RULE.*—

(A) *ADMINISTRATIVE EXPENSES AND STATEWIDE ACTIVITIES.*—A State that receives an allotment under paragraph (1)(A) for a fiscal year may use not more than 5 percent of the allotted funds for the fiscal year for administrative expenses or statewide activities.

(B) *STATE FUNDING RULES.*—A State that receives an allotment under paragraph (1)(A)—

(i) may, at the State's discretion, place limits on the use of the allotted funds; and

(ii) subject to subsection (f), may allocate the allotted funds to public and private entities within the State as the State determines appropriate.

(d) *FEDERAL STATUTE OPTION.*—

(1) *IN GENERAL.*—From the total amount of funds appropriated to carry out parts A, B, and C

1 *of the Elementary and Secondary Education Act of*
 2 *1965 for a fiscal year that remain after carrying out*
 3 *subsection (a)(3) for the fiscal year, making the res-*
 4 *ervation under subsection (b) for the fiscal year, and*
 5 *making allotments under subsection (c) for the fiscal*
 6 *year, the Secretary may make awards according to*
 7 *the provisions of such parts A, B, and C, respectively,*
 8 *to State and local recipients, in States making the*
 9 *election described in subsection (a)(1)(C).*

10 (2) *PERCENTAGE REDUCTIONS.*—*The Secretary,*
 11 *after making the allotments under subsection (c) for*
 12 *a fiscal year, shall reduce the total amount of funding*
 13 *available to carry out such parts A, B, and C for the*
 14 *fiscal year, for any State selecting the option de-*
 15 *scribed in subsection (a)(1)(C), by an equal percent-*
 16 *age for each such part.*

17 (e) *CONSTRUCTION.*—*Nothing in this section shall be*
 18 *construed—*

19 (1) *to prohibit a local educational agency from*
 20 *serving limited English proficient children simulta-*
 21 *neously with students with similar educational needs,*
 22 *in the same educational settings where appropriate;*
 23 *and*

1 (2) *to mandate a particular type of curriculum*
 2 *or educational method for limited English proficient*
 3 *children and youth, which decisions—*

4 (A) *shall be the sole responsibility of the*
 5 *State educational agency, local educational agen-*
 6 *cy, or other State or local recipients; and*

7 (B) *shall be made in accordance with appli-*
 8 *cable State law.*

9 **SEC. 504. PARTICIPATION OF CHILDREN ENROLLED IN PRI-**
 10 **VATE SCHOOLS.**

11 (a) *IN GENERAL.—Each local educational agency that*
 12 *receives assistance under section 501 or 503 shall provide*
 13 *for the participation of children enrolled in private schools*
 14 *in the activities and services assisted under section 501 or*
 15 *503, respectively, in the same manner as the children par-*
 16 *ticipate in activities and services under the Elementary and*
 17 *Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.)*
 18 *pursuant to sections 14503, 14504, 14505, and 14506 of*
 19 *such Act (20 U.S.C. 8893, 8894, 8895, and 8896).*

20 (b) *PART A OF TITLE I FUNDING.—Each local edu-*
 21 *cational agency that receives assistance under section 502*
 22 *shall provide for the participation of children enrolled in*
 23 *private schools in the activities and services assisted under*
 24 *section 502 in the same manner as the children participate*
 25 *in activities and services under the Elementary and Sec-*

1 *ondary Education Act of 1965 (20 U.S.C. 6301 et seq.) pur-*
 2 *suant to section 1120 such Act (20 U.S.C. 6321).*

3 **SEC. 505. ACCOUNTABILITY.**

4 (a) *STANDARD APPLICATION AND REPORTING*
 5 *FORMS.*—*The Secretary shall develop standard forms for*
 6 *applications for assistance under this title and for reporting*
 7 *with respect to activities assisted under this title. In devel-*
 8 *oping the forms, the Secretary shall ensure that not more*
 9 *than 2 percent of the assistance provided to an entity under*
 10 *this title is used to complete the forms.*

11 (b) *PUBLIC INPUT.*—*Each entity receiving assistance*
 12 *under this title shall—*

13 (1) *involve parents and members of the public in*
 14 *planning for the use of funds provided under this*
 15 *title; and*

16 (2) *disseminate to the public reports regarding*
 17 *the use and effects of funds provided under this title.*

18 **SEC. 506. DEFINITIONS.**

19 *In this title—*

20 (1) *the term “local educational agency” has the*
 21 *meaning given the term in section 14101 of the Ele-*
 22 *mentary and Secondary Education Act of 1965 (20*
 23 *U.S.C. 8801); and*

24 (2) *the term “Secretary” means the Secretary of*
 25 *Education.*

1 **SEC. 507. CONSTRUCTION.**

2 *Nothing in this title shall be construed to supersede*
3 *the authority of a State or State educational agency over*
4 *State education policies.*

5 **TITLE VI—SENSE OF CONGRESS**

6 **SEC. 601. FINDINGS.**

7 *Congress makes the following findings:*

8 *(1) The people of the United States know that ef-*
9 *fective teaching takes place when the people of the*
10 *United States begin (A) helping children master basic*
11 *academics, (B) engaging and involving parents, (C)*
12 *creating safe and orderly classrooms, and (D) getting*
13 *dollars to the classroom.*

14 *(2) Our Nation's children deserve an educational*
15 *system which will provide opportunities to excel.*

16 *(3) States and localities must spend a signifi-*
17 *cant amount of Federal education tax dollars apply-*
18 *ing for and administering Federal education dollars.*

19 *(4) Several States have reported that although*
20 *the States receive less than 10 percent of their edu-*
21 *cation funding from the Federal Government, more*
22 *than 50 percent of their paperwork is associated with*
23 *those Federal dollars.*

24 *(5) While it is unknown exactly what percentage*
25 *of Federal education dollars reaches the classroom, a*
26 *recent audit of New York City public schools found*

1 *that only 43 percent of their local education budget*
2 *reaches the classroom; further, it is thought that only*
3 *85 percent of funds administered by the Department*
4 *of Education for elementary and secondary education*
5 *reach the school district level; and even if 65 percent*
6 *of Federal education funds reach the classroom, it still*
7 *means that billions of dollars are not directly spent*
8 *on children in the classroom.*

9 *(6) American students are not performing up to*
10 *their full academic potential, despite the more than*
11 *760 Federal education programs, which span 39 Fed-*
12 *eral agencies at the price of nearly \$100,000,000,000*
13 *annually.*

14 *(7) According to the Digest of Education Statis-*
15 *tics, in 1993 only \$141,598,786,000 out of*
16 *\$265,285,370,000 spent on elementary and secondary*
17 *education was spent on instruction.*

18 *(8) According to the National Center for Edu-*
19 *cation Statistics, in 1994 only 52 percent of staff em-*
20 *ployed in public elementary and secondary school sys-*
21 *tems were teachers.*

22 *(9) Too much of our Federal education funding*
23 *is spent on bureaucracy, and too little is spent on our*
24 *Nation's youth.*

1 (10) *Getting 95 percent of Department of Edu-*
2 *cation elementary and secondary education funds to*
3 *the classroom could provide approximately \$2,094 in*
4 *additional funding per classroom across the United*
5 *States.*

6 (11) *More education funding should be put in*
7 *the hands of someone in a child's classroom who*
8 *knows the child's name.*

9 (12) *President Clinton has stated: "We cannot*
10 *ask the American people to spend more on education*
11 *until we do a better job with the money we've got*
12 *now."*

13 (13) *President Clinton and Vice President Gore*
14 *agree that the reinventing of public education will not*
15 *begin in Washington but in communities across the*
16 *United States and that the people of the United*
17 *States must ask fundamental questions about how our*
18 *Nation's public school systems' dollars are spent.*

19 (14) *President Clinton and Vice President Gore*
20 *agree that in an age of tight budgets, our Nation*
21 *should be spending public funds on teachers and chil-*
22 *dren, not on unnecessary overhead and bloated bu-*
23 *reaucracy.*

1 **SEC. 602. SENSE OF CONGRESS.**

2 *It is the sense of Congress that the Department of Edu-*
 3 *cation, States, and local educational agencies should work*
 4 *together to ensure that not less than 95 percent of all funds*
 5 *appropriated for the purpose of carrying out elementary*
 6 *and secondary education programs administered by the De-*
 7 *partment of Education is spent for our Nation's children*
 8 *in their classrooms.*

9 **TITLE VII—READING**
 10 **EXCELLENCE**

11 **SEC. 701. SHORT TITLE.**

12 *This title may be cited as the “Reading Excellence*
 13 *Act”.*

14 **Subtitle A—Reading Grants**

15 **SEC. 711. AMENDMENT TO ESEA FOR READING GRANTS.**

16 *Title II of the Elementary and Secondary Education*
 17 *Act of 1965 (20 U.S.C. 6601 et seq.) is amended—*

18 *(1) by redesignating part D as part E; and*

19 *(2) by inserting after part C the following:*

20 **“PART D—READING GRANTS**

21 **“SEC. 2351. PURPOSE.**

22 *“The purposes of this part are as follows:*

23 *“(1) To teach every child to read in their early*
 24 *childhood years—*

25 *“(A) as soon as they are ready to read; or*

1 “(B) as soon as possible once they enter
2 school, but not later than 3d grade.

3 “(2) To improve the reading skills of students,
4 and the in-service instructional practices for teachers
5 who teach reading, through the use of findings from
6 reliable, replicable research on reading, including
7 phonics.

8 “(3) To expand the number of high-quality fam-
9 ily literacy programs.

10 “(4) To reduce the number of children who are
11 inappropriately referred to special education due to
12 reading difficulties.

13 **“SEC. 2352. DEFINITIONS.**

14 *“For purposes of this part:*

15 “(1) *ELIGIBLE PROFESSIONAL DEVELOPMENT*
16 *PROVIDER.—The term ‘eligible professional develop-*
17 *ment provider’ means a provider of professional devel-*
18 *opment in reading instruction to teachers that is*
19 *based on reliable, replicable research on reading.*

20 “(2) *ELIGIBLE RESEARCH INSTITUTION.—The*
21 *term ‘eligible research institution’ means an institu-*
22 *tion of higher education at which reliable, replicable*
23 *research on reading has been conducted.*

24 “(3) *FAMILY LITERACY SERVICES.—The term*
25 *‘family literacy services’ means services provided to*

1 *participants on a voluntary basis that are of suffi-*
2 *cient intensity in terms of hours, and of sufficient du-*
3 *ration, to make sustainable changes in a family (such*
4 *as eliminating or reducing welfare dependency) and*
5 *that integrate all of the following activities:*

6 *“(A) Interactive literacy activities between*
7 *parents and their children.*

8 *“(B) Equipping parents to partner with*
9 *their children in learning.*

10 *“(C) Parent literacy training, including*
11 *training that contributes to economic self-suffi-*
12 *ciency.*

13 *“(D) Appropriate instruction for children of*
14 *parents receiving parent literacy services.*

15 *“(4) READING.—The term ‘reading’ means the*
16 *process of comprehending the meaning of written text*
17 *by depending on—*

18 *“(A) the ability to use phonics skills, that*
19 *is, knowledge of letters and sounds, to decode*
20 *printed words quickly and effortlessly, both si-*
21 *lently and aloud;*

22 *“(B) the ability to use previously learned*
23 *strategies for reading comprehension; and*

24 *“(C) the ability to think critically about the*
25 *meaning, message, and aesthetic value of the text.*

1 “(5) *READING READINESS.*—The term ‘reading
2 *readiness*’ means activities that—

3 “(A) *provide experience and opportunity for*
4 *language development;*

5 “(B) *create appreciation of the written*
6 *word;*

7 “(C) *develop an awareness of printed lan-*
8 *guage, the alphabet, and phonemic awareness;*
9 *and*

10 “(D) *develop an understanding that spoken*
11 *and written language is made up of phonemes,*
12 *syllables, and words.*

13 “(6) *RELIABLE, REPLICABLE RESEARCH.*—The
14 term ‘*reliable, replicable research*’ means *objective,*
15 *valid, scientific studies that—*

16 “(A) *include rigorously defined samples of*
17 *subjects that are sufficiently large and represent-*
18 *ative to support the general conclusions drawn;*

19 “(B) *rely on measurements that meet estab-*
20 *lished standards of reliability and validity;*

21 “(C) *test competing theories, where multiple*
22 *theories exist;*

23 “(D) *are subjected to peer review before*
24 *their results are published; and*

1 “(E) discover effective strategies for improv-
2 ing reading skills.

3 **“SEC. 2353. GRANTS TO READING AND LITERACY PARTNER-**
4 **SHIPS.**

5 “(a) *PROGRAM AUTHORIZED.*—The Secretary may
6 make grants on a competitive basis to reading and literacy
7 partnerships for the purpose of permitting such partner-
8 ships to make subgrants under sections 2354 and 2355.

9 “(b) *READING AND LITERACY PARTNERSHIPS.*—

10 “(1) *COMPOSITION.*—

11 “(A) *REQUIRED PARTICIPANTS.*—In order
12 to receive a grant under this section, a State
13 shall establish a reading and literacy partner-
14 ship consisting of at least the following partici-
15 pants:

16 “(i) *The Governor of the State.*

17 “(ii) *The chief State school officer.*

18 “(iii) *The chairman and the ranking*
19 *member of each committee of the State legis-*
20 *lature that is responsible for education pol-*
21 *icy.*

22 “(iv) *A representative, selected jointly*
23 *by the Governor and the chief State school*
24 *officer, of at least 1 local educational agency*
25 *that has at least 1 school that is identified*

1 *for school improvement under section*
2 *1116(c) in the geographic area served by the*
3 *agency.*

4 “(v) *A representative, selected jointly*
5 *by the Governor and the chief State school*
6 *officer, of a community-based organization*
7 *working with children to improve their*
8 *reading skills, particularly a community-*
9 *based organization using volunteers.*

10 “(B) *OPTIONAL PARTICIPANTS.—A reading*
11 *and literacy partnership may include additional*
12 *participants, who shall be selected jointly by the*
13 *Governor and the chief State school officer, which*
14 *may include—*

15 “(i) *State directors of appropriate Fed-*
16 *eral or State programs with a strong read-*
17 *ing component;*

18 “(ii) *a parent of a public or private*
19 *school student or a parent who educates*
20 *their child or children in their home;*

21 “(iii) *a teacher who teaches reading; or*

22 “(iv) *a representative of (I) an institu-*
23 *tion of higher education operating a pro-*
24 *gram of teacher preparation in the State;*
25 *(II) a local educational agency; (III) an eli-*

1 gible research institution; (IV) a private
 2 nonprofit or for-profit eligible professional
 3 development provider providing instruction
 4 based on reliable, replicable research on
 5 reading; (V) a family literacy service pro-
 6 vider; (VI) an adult education provider;
 7 (VII) a volunteer organization that is in-
 8 volved in reading programs; or (VIII) a
 9 school or a public library that offers read-
 10 ing or literacy programs for children or
 11 families.

12 “(2) *AGREEMENT.*—The contractual agreement
 13 that establishes a reading and literacy partnership—

14 “(A) shall specify—

15 “(i) the nature and extent of the asso-
 16 ciation among the participants referred to
 17 in paragraph (1); and

18 “(ii) the roles and duties of each such
 19 participant; and

20 “(B) shall remain in effect during the entire
 21 grant period proposed in the partnership’s grant
 22 application under subsection (e).

23 “(3) *FUNCTIONS.*—Each reading and literacy
 24 partnership for a State shall prepare and submit an

1 *application under subsection (e) and, if the partner-*
2 *ship receives a grant under this section—*

3 “(A) shall solicit applications for, and
4 award, subgrants under sections 2354 and 2355;

5 “(B) shall oversee the performance of the
6 subgrants and submit performance reports in ac-
7 cordance with subsection (h);

8 “(C) if sufficient grant funds are available
9 under this part—

10 “(i) work to enhance the capacity of
11 agencies in the State to disseminate reliable,
12 replicable research on reading to schools,
13 classrooms, and providers of early education
14 and child care;

15 “(ii) facilitate the provision of tech-
16 nical assistance to subgrantees under sec-
17 tions 2354 and 2355 by providing the sub-
18 grantees information about technical assist-
19 ance providers; and

20 “(iii) build on, and promote coordina-
21 tion among, literacy programs in the State,
22 in order to increase their effectiveness and
23 to avoid duplication of their efforts; and

24 “(D) shall ensure that each local edu-
25 cational agency to which the partnership makes

1 *a subgrant under section 2354 makes available,*
2 *upon request and in an understandable and uni-*
3 *form format, to any parent of a student attend-*
4 *ing any school selected under section 2354(a)(2)*
5 *in the geographic area served by the agency, in-*
6 *formation regarding the qualifications of the stu-*
7 *dent's classroom teacher to provide instruction in*
8 *reading.*

9 “(4) *FISCAL AGENT.*—*The State educational*
10 *agency shall act as the fiscal agent for the reading*
11 *and literacy partnership for the purposes of receipt of*
12 *funds from the Secretary, disbursement of funds to*
13 *subgrantees under sections 2354 and 2355, and ac-*
14 *counting for such funds.*

15 “(c) *PREEXISTING PARTNERSHIP.*—*If, before the date*
16 *of the enactment of the Reading Excellence Act, a State es-*
17 *tablished a consortium, partnership, or any other similar*
18 *body, that includes the Governor and the chief State school*
19 *officer and has, as a central part of its mission, the pro-*
20 *motion of literacy for children in their early childhood*
21 *years through the 3d grade, but that does not satisfy the*
22 *requirements of subsection (b)(1), the State may elect to*
23 *treat that consortium, partnership, or body as the reading*
24 *and literacy partnership for the State notwithstanding such*
25 *subsection, and the consortium, partnership, or body shall*

1 *be considered a reading and literacy partnership for pur-*
 2 *poses of the other provisions of this part.*

3 “(d) *MULTI-STATE PARTNERSHIP ARRANGEMENTS.—*
 4 *A reading and literacy partnership that satisfies the re-*
 5 *quirements of subsection (b) may join with other such part-*
 6 *nerships in other States to develop a single application that*
 7 *satisfies the requirements of subsection (e) and identifies*
 8 *which State educational agency, from among the States*
 9 *joining, shall act as the fiscal agent for the multi-State ar-*
 10 *rangement. For purposes of the other provisions of this part,*
 11 *any such multi-State arrangement shall be considered to*
 12 *be a reading and literacy partnership.*

13 “(e) *APPLICATIONS.—A reading and literacy partner-*
 14 *ship that desires to receive a grant under this section shall*
 15 *submit an application to the Secretary at such time, in*
 16 *such manner, and including such information as the Sec-*
 17 *retary may require. The application—*

18 “(1) *shall describe how the partnership will en-*
 19 *sure that 95 percent of the grant funds are used to*
 20 *make subgrants under sections 2354 and 2355;*

21 “(2) *shall be integrated, to the maximum extent*
 22 *possible, with State plans and programs under this*
 23 *Act, the Individuals with Disabilities Education Act*
 24 *(20 U.S.C. 1400 et seq.), and, to the extent appro-*

1 *priate, the Adult Education Act (20 U.S.C. 1201 et*
2 *seq.);*

3 *“(3) shall describe how the partnership will en-*
4 *sure that professional development funds available at*
5 *the State and local levels are used effectively to im-*
6 *prove instructional practices for reading and are*
7 *based on reliable, replicable research on reading;*

8 *“(4) shall describe—*

9 *“(A) the contractual agreement that estab-*
10 *lishes the partnership, including at least the ele-*
11 *ments of the agreement referred to in subsection*
12 *(b)(2);*

13 *“(B) how the partnership will assess, on a*
14 *regular basis, the extent to which the activities*
15 *undertaken by the partnership and the partner-*
16 *ship’s subgrantees under this part have been ef-*
17 *fective in achieving the purposes of this part;*

18 *“(C) what evaluation instruments the part-*
19 *nership will use to determine the success of local*
20 *educational agencies to whom subgrants under*
21 *sections 2354 and 2355 are made in achieving*
22 *the purposes of this part;*

23 *“(D) how subgrants made by the partner-*
24 *ship under such sections will meet the require-*
25 *ments of this part, including how the partner-*

1 *ship will ensure that subgrantees will use prac-*
2 *tices based on reliable, replicable research on*
3 *reading; and*

4 *“(E) how the partnership will, to the extent*
5 *practicable, make grants to subgrantees in both*
6 *rural and urban areas;*

7 *“(5) shall include an assurance that each local*
8 *educational agency to whom the partnership makes a*
9 *subgrant under section 2354—*

10 *“(A) will carry out family literacy pro-*
11 *grams based on the Even Start family literacy*
12 *model authorized under part B of title I to en-*
13 *able parents to be their child’s first and most im-*
14 *portant teacher, and will make payments for the*
15 *receipt of technical assistance for the develop-*
16 *ment of such programs;*

17 *“(B) will carry out programs to assist those*
18 *kindergarten students who are not ready for the*
19 *transition to 1st grade, particularly students ex-*
20 *periencing difficulty with reading skills;*

21 *“(C) will use supervised individuals (in-*
22 *cluding tutors), who have been appropriately*
23 *trained using reliable, replicable research on*
24 *reading, to provide additional support, before*
25 *school, after school, on weekends, during non-in-*

1 *structional periods of the school day, or during*
 2 *the summer, for students in grades 1 through 3*
 3 *who are experiencing difficulty reading; and*

4 *“(D) will carry out professional develop-*
 5 *ment for the classroom teacher and other appro-*
 6 *priate teaching staff on the teaching of reading*
 7 *based on reliable, replicable research on reading;*
 8 *and*

9 *“(6) shall describe how the partnership—*

10 *“(A) will ensure that a portion of the grant*
 11 *funds that the partnership receives in each fiscal*
 12 *year will be used to make subgrants under sec-*
 13 *tion 2355; and*

14 *“(B) will make local educational agencies*
 15 *described in section 2355(a)(1) aware of the*
 16 *availability of such subgrants.*

17 *“(f) PEER REVIEW PANEL.—*

18 *“(1) COMPOSITION OF PEER REVIEW PANEL.—*

19 *“(A) IN GENERAL.—The National Institute*
 20 *for Literacy, in consultation with the National*
 21 *Research Council of the National Academy of*
 22 *Sciences, the National Institute of Child Health*
 23 *and Human Development, and the Secretary,*
 24 *shall convene a panel to evaluate applications*
 25 *under this section. At a minimum the panel*

1 *shall include representatives of the National In-*
2 *stitute for Literacy, the National Research Coun-*
3 *cil of the National Academy of Sciences, the Na-*
4 *tional Institute of Child Health and Human De-*
5 *velopment, and the Secretary.*

6 “(B) *EXPERTS.*—*The panel shall include*
7 *experts who are competent, by virtue of their*
8 *training, expertise, or experience, to evaluate ap-*
9 *plications under this section, and experts who*
10 *provide professional development to teachers of*
11 *reading to children and adults, based on reliable,*
12 *replicable research on reading.*

13 “(C) *LIMITATION.*—*Not more than $\frac{1}{3}$ of the*
14 *panel may be composed of individuals who are*
15 *employees of the Federal Government.*

16 “(2) *PAYMENT OF FEES AND EXPENSES OF CER-*
17 *TAIN MEMBERS.*—*The Secretary shall use funds re-*
18 *served under section 2260(b)(2) to pay the expenses*
19 *and fees of panel members who are not employees of*
20 *the Federal Government.*

21 “(3) *DUTIES OF PANEL.*—

22 “(A) *MODEL APPLICATION FORMS.*—*The*
23 *peer review panel shall develop a model applica-*
24 *tion form for reading and literacy partnerships*
25 *desiring to apply for a grant under this section.*

1 *The peer review panel shall submit the model ap-*
 2 *plication form to the Secretary for final ap-*
 3 *proval.*

4 *“(B) SELECTION OF APPLICATIONS.—*

5 *“(i) RECOMMENDATIONS OF PANEL.—*

6 *“(I) IN GENERAL.—The Secretary*
 7 *shall receive grant applications from*
 8 *reading and literacy partnerships*
 9 *under this section and shall provide*
 10 *the applications to the peer review*
 11 *panel for evaluation. With respect to*
 12 *each application, the peer review panel*
 13 *shall initially recommend the applica-*
 14 *tion for funding or for disapproval.*

15 *“(II) PRIORITY.—In recommend-*
 16 *ing applications to the Secretary, the*
 17 *panel shall give priority to applica-*
 18 *tions from States that have modified,*
 19 *are modifying, or provide an assurance*
 20 *that not later than 1 year after receiv-*
 21 *ing a grant under this section the*
 22 *State will modify, State teacher certifi-*
 23 *cation in the area of reading to reflect*
 24 *reliable, replicable research, except that*
 25 *nothing in this part shall be construed*

1 *to establish a national system of teach-*
2 *er certification.*

3 “(III) *RANKING OF APPLICA-*
4 *TIONS.*—*With respect to each applica-*
5 *tion recommended for funding, the*
6 *panel shall assign the application a*
7 *rank, relative to other recommended*
8 *applications, based on the priority de-*
9 *scribed in subclause (II), the extent to*
10 *which the application furthers the pur-*
11 *poses of this part, and the overall qual-*
12 *ity of the application.*

13 “(IV) *RECOMMENDATION OF*
14 *AMOUNT.*—*With respect to each appli-*
15 *cation recommended for funding, the*
16 *panel shall make a recommendation to*
17 *the Secretary with respect to the*
18 *amount of the grant that should be*
19 *made.*

20 “(ii) *SECRETARIAL SELECTION.*—

21 “(I) *IN GENERAL.*—*Subject to*
22 *clause (iii), the Secretary shall deter-*
23 *mine, based on the peer review panel’s*
24 *recommendations, which applications*
25 *from reading and literacy partnerships*

1 *shall receive funding and the amounts*
2 *of such grants. In determining grant*
3 *amounts, the Secretary shall take into*
4 *account the total amount of funds*
5 *available for all grants under this sec-*
6 *tion and the types of activities pro-*
7 *posed to be carried out by the partner-*
8 *ship.*

9 “(II) *EFFECT OF RANKING BY*
10 *PANEL.—In making grants under this*
11 *section, the Secretary shall select appli-*
12 *cations according to the ranking of the*
13 *applications by the peer review panel,*
14 *except in cases where the Secretary de-*
15 *termines, for good cause, that a vari-*
16 *ation from that order is appropriate.*

17 “(iii) *MINIMUM GRANT AMOUNTS.—*
18 *Each reading and literacy partnership se-*
19 *lected to receive a grant under this section*
20 *shall receive an amount for each fiscal year*
21 *that is not less than \$100,000.*

22 “(g) *LIMITATION ON ADMINISTRATIVE EXPENSES.—A*
23 *reading and literacy partnership that receives a grant*
24 *under this section may use not more than 3 percent of the*
25 *grant funds for administrative costs.*

1 “(h) *REPORTING.*—

2 “(1) *IN GENERAL.*—*A reading and literacy part-*
 3 *nership that receives a grant under this section shall*
 4 *submit performance reports to the Secretary pursuant*
 5 *to a schedule to be determined by the Secretary, but*
 6 *not more frequently than annually. Such reports shall*
 7 *include—*

8 “(A) *the results of use of the evaluation in-*
 9 *struments referred to in subsection (e)(4)(C);*

10 “(B) *the process used to select subgrantees;*

11 “(C) *a description of the subgrantees receiv-*
 12 *ing funds under this part; and*

13 “(D) *with respect to subgrants under section*
 14 *2354, the model or models of reading instruction,*
 15 *based on reliable, replicable research on reading,*
 16 *selected by subgrantees.*

17 “(2) *PROVISION TO PEER REVIEW PANEL.*—*The*
 18 *Secretary shall provide the reports submitted under*
 19 *paragraph (1) to the peer review panel convened*
 20 *under subsection (f). The panel shall use such reports*
 21 *in recommending applications for funding under this*
 22 *section.*

23 **“SEC. 2354. LOCAL READING IMPROVEMENT SUBGRANTS.**

24 “(a) *IN GENERAL.*—

1 “(1) *SUBGRANTS.*—A reading and literacy part-
 2 nership that receives a grant under section 2353 shall
 3 make subgrants, on a competitive basis, to local edu-
 4 cational agencies that have at least 1 school that is
 5 identified for school improvement under section
 6 1116(c) in the geographic area served by the agency.

7 “(2) *ROLE OF LOCAL EDUCATIONAL AGENCIES.*—
 8 A local educational agency that receives a subgrant
 9 under this section shall use the subgrant in a manner
 10 consistent with this section to advance reform of read-
 11 ing instruction in any school selected by the agency
 12 that—

13 “(A) is identified for school improvement
 14 under section 1116(c) at the time the agency re-
 15 ceives the subgrant; and

16 “(B) has a contractual association with 1
 17 or more community-based organizations that
 18 have established a record of effectiveness with re-
 19 spect to reading readiness, reading instruction
 20 for children in kindergarten through 3d grade,
 21 and early childhood literacy.

22 “(b) *GRANT PERIOD.*—A subgrant under this section
 23 shall be for a period of 3 years and may not be revoked
 24 or terminated on the ground that a school ceases, during

1 *the grant period, to be identified for school improvement*
2 *under section 1116(c).*

3 “(c) *APPLICATIONS.—A local educational agency that*
4 *desires to receive a subgrant under this section shall submit*
5 *an application to the reading and literacy partnership at*
6 *such time, in such manner, and including such information*
7 *as the partnership may require. The application—*

8 “(1) *shall describe how the local educational*
9 *agency will work with schools selected by the agency*
10 *under subsection (a)(2) to select 1 or more models of*
11 *reading instruction, developed using reliable,*
12 *replicable research on reading, as a model for imple-*
13 *menting and improving reading instruction by all*
14 *teachers and for all children in each of the schools se-*
15 *lected by the agency under such subsection and, where*
16 *appropriate, their parents;*

17 “(2) *shall select 1 or more models described in*
18 *paragraph (1), for the purpose described in such*
19 *paragraph, and shall describe each such selected*
20 *model;*

21 “(3) *shall demonstrate that a person responsible*
22 *for the development of each such model, or a person*
23 *with experience or expertise about such model and its*
24 *implementation, has agreed to work with the appli-*

1 *cant in connection with such implementation and im-*
2 *provement efforts;*

3 *“(4) shall describe—*

4 *“(A) how the applicant will ensure that*
5 *funds available under this part, and funds avail-*
6 *able for reading for grades kindergarten through*
7 *grade 6 from other appropriate sources, are effec-*
8 *tively coordinated and, where appropriate, inte-*
9 *grated, with funds under this Act in order to im-*
10 *prove existing activities in the areas of reading*
11 *instruction, professional development, program*
12 *improvement, parental involvement, technical as-*
13 *sistance, and other activities that can help meet*
14 *the purposes of this part; and*

15 *“(B) the amount of funds available for*
16 *reading for grades kindergarten through grade 6*
17 *from appropriate sources other than this part,*
18 *including title I (except that such description*
19 *shall not be required to include funds made*
20 *available under part B of title I unless the ap-*
21 *plicant has established a contractual association*
22 *in accordance with subsection (d)(2) with an eli-*
23 *gible entity under such part B), the Individuals*
24 *with Disabilities Education Act (20 U.S.C. 1400*
25 *et seq.), and any other law providing Federal fi-*

1 *nancial assistance for professional development*
2 *for teachers of such grades who teach reading,*
3 *which will be used to help achieve the purposes*
4 *of this part;*

5 *“(5) shall describe the amount and nature of*
6 *funds from any other public or private sources, in-*
7 *cluding funds received under this Act and the Indi-*
8 *viduals with Disabilities Education Act (20 U.S.C.*
9 *1400 et seq.), that will be combined with funds re-*
10 *ceived under the subgrant;*

11 *“(6) shall include an assurance that the appli-*
12 *cant—*

13 *“(A) will carry out family literacy pro-*
14 *grams based on the Even Start family literacy*
15 *model authorized under part B of title I to en-*
16 *able parents to be their child’s first and most im-*
17 *portant teacher, will make payments for the re-*
18 *ceipt of technical assistance for the development*
19 *of such programs;*

20 *“(B) will carry out programs to assist those*
21 *kindergarten students who are not ready for the*
22 *transition to 1st grade, particularly students ex-*
23 *periencing difficulty with reading skills;*

24 *“(C) will use supervised individuals (in-*
25 *cluding tutors), who have been appropriately*

1 *trained using reliable, replicable research on*
 2 *reading, to provide additional support, before*
 3 *school, after school, on weekends, during non-in-*
 4 *structional periods of the school day, or during*
 5 *the summer, for students in grades 1 through 3*
 6 *who are experiencing difficulty reading; and*

7 *“(D) will carry out professional develop-*
 8 *ment for the classroom teacher and other teach-*
 9 *ing staff on the teaching of reading based on reli-*
 10 *able, replicable research on reading;*

11 *“(7) shall describe how the local educational*
 12 *agency provides instruction in reading to children*
 13 *who have not been determined to be a child with a*
 14 *disability (as defined in section 602 of the Individ-*
 15 *uals with Disabilities Education Act (20 U.S.C.*
 16 *1401)), pursuant to section 614(b)(5) of such Act (20*
 17 *U.S.C. 1414(a)(5)), because of a lack of instruction in*
 18 *reading; and*

19 *“(8) shall indicate the amount of the subgrant*
 20 *funds (if any) that the applicant will use to carry out*
 21 *the duties described in section 2355(b)(2).*

22 *“(d) PRIORITY.—In approving applications under this*
 23 *section, a reading and literacy partnership shall give prior-*
 24 *ity to an application submitted by an applicant who dem-*
 25 *onstrates that the applicant has established—*

1 “(1) a contractual association with 1 or more
2 *Head Start programs under the Head Start Act (42*
3 *U.S.C. 9801 et seq.) under which—*

4 “(A) the Head Start program agrees to se-
5 *lect the same model or models of reading instruc-*
6 *tion, as a model for implementing and improv-*
7 *ing the reading readiness of children participat-*
8 *ing in the program, as was selected by the appli-*
9 *cant; and*

10 “(B) the applicant agrees—

11 “(i) to share with the Head Start pro-
12 *gram an appropriate amount of the appli-*
13 *cant’s information resources with respect to*
14 *the model, such as curricula materials; and*

15 “(ii) to train personnel from the Head
16 *Start program;*

17 “(2) a contractual association with 1 or more
18 *State- or federally-funded preschool programs, or fam-*
19 *ily literacy programs, under which—*

20 “(A) the program agrees to select the same
21 *model or models of reading instruction, as a*
22 *model for implementing and improving reading*
23 *instruction in the program’s activities, as was*
24 *selected by the applicant; and*

1 “(B) the applicant agrees to train personnel
2 from the program who work with children and
3 parents in schools selected under subsection
4 (a)(2); or

5 “(3) a contractual association with 1 or more
6 public libraries providing reading or literacy services
7 to preschool children, or preschool children and their
8 families, under which—

9 “(A) the library agrees to select the same
10 model or models of reading instruction, as a
11 model for implementing and improving reading
12 instruction in the library’s reading or literacy
13 programs, as was selected by the applicant; and

14 “(B) the applicant agrees to train person-
15 nel, including volunteers, from such programs
16 who work with preschool children, or preschool
17 children and their families, in schools selected
18 under subsection (a)(2).

19 “(e) *USE OF FUNDS.*—

20 “(1) *IN GENERAL.*—Subject to paragraph (2), an
21 applicant who receives a subgrant under this section
22 may use the subgrant funds to carry out activities
23 that are authorized by this part and described in the
24 subgrant application, including the following:

1 “(A) Making reasonable payments for tech-
2 nical and other assistance to a person responsible
3 for the development of a model of reading in-
4 struction, or a person with experience or exper-
5 tise about such model and its implementation,
6 who has agreed to work with the recipient in
7 connection with the implementation of the model.

8 “(B) Carrying out a contractual agreement
9 described in subsection (d).

10 “(C) Professional development (including
11 training of volunteers), purchase of curricular
12 and other supporting materials, and technical
13 assistance.

14 “(D) Providing, on a voluntary basis,
15 training to parents of children enrolled in a
16 school selected under subsection (a)(2) on how to
17 help their children with school work, particularly
18 in the development of reading skills. Such train-
19 ing may be provided directly by the subgrant re-
20 cipient, or through a grant or contract with an-
21 other person. Such training shall be consistent
22 with reading reforms taking place in the school
23 setting.

24 “(E) Carrying out family literacy programs
25 based on the Even Start family literacy model

1 *authorized under part B of title I to enable par-*
2 *ents to be their child's first and most important*
3 *teacher, and making payments for the receipt of*
4 *technical assistance for the development of such*
5 *programs.*

6 *“(F) Providing instruction for parents of*
7 *children enrolled in a school selected under sub-*
8 *section (a)(2), and others who volunteer to be*
9 *reading tutors for such children, in the instruc-*
10 *tional practices based on reliable, replicable re-*
11 *search on reading used by the applicant.*

12 *“(G) Programs to assist those kindergarten*
13 *students enrolled in a school selected under sub-*
14 *section (a)(2) who are not ready for the transi-*
15 *tion to 1st grade, particularly students experi-*
16 *encing difficulty with reading skills.*

17 *“(H) Providing, for students who are en-*
18 *rolled in grades 1 through 3 in a school selected*
19 *under subsection (a)(2) and are experiencing dif-*
20 *ficulty reading, additional support before school,*
21 *after school, on weekends, during non-instruc-*
22 *tional periods of the school day, or during the*
23 *summer, using supervised individuals (including*
24 *tutors) who have been appropriately trained*
25 *using reliable, replicable research on reading.*

1 “(I) Carrying out the duties described in
2 section 2355(b)(2) for children enrolled in a
3 school selected under subsection (a)(2).

4 “(J) Providing reading assistance to chil-
5 dren who have not been determined to be a child
6 with a disability (as defined in section 602 of
7 the Individuals with Disabilities Education Act
8 (20 U.S.C. 1401)), pursuant to section 614(b)(5)
9 of such Act (20 U.S.C. 1414(b)(5)), because of a
10 lack of instruction in reading.

11 “(2) LIMITATION ON ADMINISTRATIVE EX-
12 PENSES.—A recipient of a subgrant under this section
13 may use not more than 3 percent of the subgrant
14 funds for administrative costs.

15 “(f) TRAINING NONRECIPIENTS.—A recipient of a
16 subgrant under this section may train, on a fee-for-service
17 basis, personnel who are from schools, or local educational
18 agencies, that are not receiving such a subgrant in the in-
19 structional practices based on reliable, replicable research
20 on reading used by the recipient. Such a non-recipient
21 school may use funds received under title I, and other ap-
22 propriate Federal funds used for reading instruction, to pay
23 for such training, to the extent consistent with the law
24 under which such funds were received.

1 **“SEC. 2355. TUTORIAL ASSISTANCE SUBGRANTS.**

2 “(a) *IN GENERAL.*—

3 “(1) *SUBGRANTS.*—*A reading and literacy part-*
 4 *nership that receives a grant under section 2353 shall*
 5 *make subgrants on a competitive basis to—*

6 “(A) *local educational agencies that have at*
 7 *least 1 school in the geographic area served by*
 8 *the agency that—*

9 “(i) *is located in an area designated as*
 10 *an empowerment zone under part I of sub-*
 11 *chapter U of chapter 1 of the Internal Reve-*
 12 *nue Code of 1986; or*

13 “(ii) *is located in an area designated*
 14 *as an enterprise community under part I of*
 15 *subchapter U of chapter 1 of the Internal*
 16 *Revenue Code of 1986; or*

17 “(B) *in the case of local educational agen-*
 18 *cies that do not have any such empowerment*
 19 *zone or enterprise community in the State in*
 20 *which the agency is located, local educational*
 21 *agencies that have at least 1 school that is iden-*
 22 *tified for school improvement under section*
 23 *1116(c) in the geographic area served by the*
 24 *agency.*

25 “(2) *APPLICATIONS.*—*A local educational agency*
 26 *that desires to receive a subgrant under this section*

1 *shall submit an application to the reading and lit-*
2 *eracy partnership at such time, in such manner, and*
3 *including such information as the partnership may*
4 *require. The application shall include an assurance*
5 *that the agency will use the subgrant funds to carry*
6 *out the duties described in subsection (b) for children*
7 *enrolled in 1 or more schools selected by the agency*
8 *and described in paragraph (1).*

9 “(b) *USE OF FUNDS.—*

10 “(1) *IN GENERAL.—A local educational agency*
11 *that receives a subgrant under this section shall carry*
12 *out, using the funds provided under the subgrant,*
13 *each of the duties described in paragraph (2).*

14 “(2) *DUTIES.—The duties described in this*
15 *paragraph are the provision of tutorial assistance in*
16 *reading to children who have difficulty reading, using*
17 *instructional practices based on the principles of reli-*
18 *able, replicable research, through the following:*

19 “(A) *The promulgation of a set of objective*
20 *criteria, pertaining to the ability of a tutorial*
21 *assistance provider successfully to provide tuto-*
22 *rial assistance in reading, that will be used to*
23 *determine in a uniform manner, at the begin-*
24 *ning of each school year, the eligibility of tuto-*
25 *rial assistance providers, subject to the succeed-*

1 *ing subparagraphs of this paragraph, to be in-*
2 *cluded on the list described in subparagraph (B)*
3 *(and thereby be eligible to enter into a contract*
4 *pursuant to subparagraph (F)).*

5 *“(B) The promulgation, maintenance, and*
6 *approval of a list of tutorial assistance providers*
7 *eligible to enter into a contract pursuant to sub-*
8 *paragraph (F) who—*

9 *“(i) have established a record of effec-*
10 *tiveness with respect to reading readiness,*
11 *reading instruction for children in kinder-*
12 *garten through 3d grade, and early child-*
13 *hood literacy;*

14 *“(ii) are located in a geographic area*
15 *convenient to the school or schools attended*
16 *by the children who will be receiving tuto-*
17 *rial assistance from the providers; and*

18 *“(iii) are capable of providing tutoring*
19 *in reading to children who have difficulty*
20 *reading, using instructional practices based*
21 *on the principles of reliable, replicable re-*
22 *search and consistent with the instructional*
23 *methods used by the school the child attends.*

24 *“(C) The development of procedures (i) for*
25 *the receipt of applications for tutorial assistance,*

1 *from parents who are seeking such assistance for*
2 *their child or children, that select a tutorial as-*
3 *sistance provider from the list described in sub-*
4 *paragraph (B) with whom the child or children*
5 *will enroll, for tutoring in reading; and (ii) for*
6 *considering children for tutorial assistance who*
7 *are identified under subparagraph (D) and for*
8 *whom no application has been submitted, pro-*
9 *vided that such procedures are in accordance*
10 *with this paragraph and give such parents the*
11 *right to select a tutorial assistance provider from*
12 *the list referred to in subparagraph (B), and*
13 *shall permit a local educational agency to rec-*
14 *ommend a tutorial assistance provider from the*
15 *list under subparagraph (B) in a case where a*
16 *parent asks for assistance in the making of such*
17 *selection.*

18 *“(D) The development of a selection process*
19 *for providing tutorial assistance in accordance*
20 *with this paragraph that limits the provision of*
21 *assistance to children identified, by the school the*
22 *child attends, as having difficulty reading, in-*
23 *cluding difficulty mastering essential phonic, de-*
24 *coding, or vocabulary skills. In the case of a*
25 *child included in the selection process for whom*

1 *no application has been submitted by a parent*
2 *of the child, the child's eligibility for receipt of*
3 *tutorial assistance shall be determined under the*
4 *same procedures, timeframe, and criteria for*
5 *consideration as is used to determine the eligi-*
6 *bility of a child whose parent has submitted such*
7 *an application. Such local educational agency*
8 *shall apply the provisions of subparagraphs (F)*
9 *and (G) to a tutorial assistance provider selected*
10 *for a child whose parent has not submitted an*
11 *application pursuant to subparagraph (C)(i) in*
12 *the same manner as the provisions are applied*
13 *to a provider selected in an application submit-*
14 *ted pursuant to subparagraph (C)(i).*

15 *“(E) The development of procedures for se-*
16 *lecting children to receive tutorial assistance, to*
17 *be used in cases where insufficient funds are*
18 *available to provide assistance with respect to all*
19 *children identified by a school under subpara-*
20 *graph (D) that—*

21 *“(i) gives priority to children who are*
22 *determined, through State or local reading*
23 *assessments, to be most in need of tutorial*
24 *assistance; and*

1 “(ii) gives priority, in cases where
2 children are determined, through State or
3 local reading assessments, to be equally in
4 need of tutorial assistance, based on a ran-
5 dom selection principle.

6 “(F) The development of a methodology by
7 which payments are made directly to tutorial as-
8 sistance providers who are identified and selected
9 pursuant to subparagraphs (C), (D), and (E).
10 Such methodology shall include the making of a
11 contract, consistent with State and local law, be-
12 tween the tutorial assistance provider and the
13 local educational agency carrying out this para-
14 graph. Such contract—

15 “(i) shall contain specific goals and
16 timetables with respect to the performance
17 of the tutorial assistance provider;

18 “(ii) shall require the tutorial assist-
19 ance provider to report to the parent and
20 the local educational agency on the provid-
21 er’s performance in meeting such goals and
22 timetables; and

23 “(iii) shall contain provisions with re-
24 spect to the making of payments to the tuto-

1 rial assistance provider by the local edu-
2 cational agency.

3 “(G) The development of procedures under
4 which the local educational agency carrying out
5 this paragraph—

6 “(i) will ensure oversight of the quality
7 and effectiveness of the tutorial assistance
8 provided by each tutorial assistance pro-
9 vider that is selected for funding;

10 “(ii) will remove from the list under
11 subparagraph (B) ineffective and unsuccess-
12 ful providers (as determined by the local
13 educational agency based upon the perform-
14 ance of the provider with respect to the
15 goals and timetables contained in the con-
16 tract between the agency and the provider
17 under subparagraph (F));

18 “(iii) will provide to each parent of a
19 child identified under subparagraph (D)
20 who requests such information for the pur-
21 pose of selecting a tutorial assistance pro-
22 vider for the child, in a comprehensible for-
23 mat, information with respect to the quality
24 and effectiveness of the tutorial assistance
25 referred to in clause (i); and

1 “(iv) will ensure that each school iden-
2 tifying a child under subparagraph (D) will
3 provide upon request, to a parent of the
4 child, assistance in selecting, from among
5 the tutorial assistance providers who are in-
6 cluded on the list described in subparagraph
7 (B), the provider who is best able to meet
8 the needs of the child.

9 “(c) *DEFINITION.*—For the purpose of this section the
10 term ‘parent’ includes a legal guardian.

11 **“SEC. 2356. PROGRAM EVALUATION.**

12 “(a) *IN GENERAL.*—From funds reserved under section
13 2260(b)(1), the Secretary shall conduct a national assess-
14 ment of the programs under this part. In developing the
15 criteria for the assessment, the Secretary shall receive rec-
16 ommendations from the peer review panel convened under
17 section 2353(f).

18 “(b) *SUBMISSION TO PEER REVIEW PANEL.*—The Sec-
19 retary shall submit the findings from the assessment under
20 subsection (a) to the peer review panel convened under sec-
21 tion 2353(f).

22 **“SEC. 2357. INFORMATION DISSEMINATION.**

23 “(a) *IN GENERAL.*—From funds reserved under section
24 2260(b)(2), the National Institute for Literacy shall dis-
25 seminate information on reliable, replicable research on

1 *reading and information on subgrantee projects under sec-*
2 *tion 2354 or 2355 that have proven effective. At a mini-*
3 *mum, the institute shall disseminate such information to*
4 *all recipients of Federal financial assistance under titles I*
5 *and VII, the Head Start Act (42 U.S.C. 9801 et seq.), the*
6 *Individuals with Disabilities Education Act (20 U.S.C.*
7 *1400 et seq.), and the Adult Education Act (20 U.S.C. 1201*
8 *et seq.).*

9 “(b) *COORDINATION.*—*In carrying out this section, the*
10 *National Institute for Literacy—*

11 “(1) *shall use, to the extent practicable, informa-*
12 *tion networks developed and maintained through*
13 *other public and private persons, including the Sec-*
14 *retary, the National Center for Family Literacy, and*
15 *the Readline Program;*

16 “(2) *shall work in conjunction with any panel*
17 *convened by the National Institute of Child Health*
18 *and Human Development and the Secretary, and any*
19 *panel convened by the Office of Educational Research*
20 *and Improvement to assess the current status of re-*
21 *search-based knowledge on reading development, in-*
22 *cluding the effectiveness of various approaches to*
23 *teaching children to read, with respect to determining*
24 *the criteria by which the National Institute for Lit-*
25 *eracy judges reliable, replicable research and the de-*

1 *sign of strategies to disseminate such information;*
 2 *and*

3 *“(3) shall assist any reading and literacy part-*
 4 *nership selected to receive a grant under section 2353,*
 5 *and that requests such assistance—*

6 *“(A) in determining whether applications*
 7 *for subgrants submitted to the partnership meet*
 8 *the requirements of this part relating to reliable,*
 9 *replicable research on reading; and*

10 *“(B) in the development of subgrant appli-*
 11 *cation forms.*

12 **“SEC. 2358. STATE EVALUATIONS.**

13 *“(a) IN GENERAL.—Each reading and literacy part-*
 14 *nership that receives a grant under this part shall reserve*
 15 *not more than 2 percent of such grant funds for the purpose*
 16 *of evaluating the success of the partnership’s subgrantees*
 17 *in meeting the purposes of this part. At a minimum, the*
 18 *evaluation shall measure the extent to which students who*
 19 *are the intended beneficiaries of the subgrants made by the*
 20 *partnership have improved their reading.*

21 *“(b) CONTRACT.—A reading and literacy partnership*
 22 *shall carry out the evaluation under this section by entering*
 23 *into a contract with an eligible research institution under*
 24 *which the institution will perform the evaluation.*

1 “(c) *SUBMISSION.*—A reading and literacy partner-
 2 ship shall submit the findings from the evaluation under
 3 this section to the Secretary and the peer review panel con-
 4 vened under section 2353(f). The Secretary and the peer re-
 5 view panel shall submit a summary of the findings from
 6 the evaluations under this subsection to the appropriate
 7 committees of the Congress, including the Education and
 8 the Workforce Committee of the House of Representatives.

9 **“SEC. 2359. PARTICIPATION OF CHILDREN ENROLLED IN**
 10 **PRIVATE SCHOOLS.**

11 “Each reading and literacy partnership that receives
 12 funds under this part shall provide for, or ensure that sub-
 13 grantees provide for, the participation of children in pri-
 14 vate schools in the activities and services assisted under this
 15 part in the same manner as the children participate in ac-
 16 tivities and services pursuant to sections 2353, 2354, 2355,
 17 and 2356.

18 **“SEC. 2260. AUTHORIZATION OF APPROPRIATIONS; RES-**
 19 **ERVATIONS FROM APPROPRIATIONS; APPLI-**
 20 **CABILITY; SUNSET.**

21 “(a) *AUTHORIZATION.*—There are authorized to be ap-
 22 propriated to carry out this part \$210,000,000 for fiscal
 23 years 1999, 2000, and 2001.

24 “(b) *RESERVATIONS.*—From the amount appropriated
 25 under subsection (a) for each fiscal year, the Secretary—

1 “(1) shall reserve 1.5 percent to carry out section
2 2356(a);

3 “(2) shall reserve \$5,075,000 to carry out sec-
4 tions 2353(f)(2) and 2357, of which \$5,000,000 shall
5 be reserved for section 2357; and

6 “(3) shall reserve \$10,000,000 to carry out sec-
7 tion 1202(c).

8 “(c) *APPLICABILITY.*—Part E shall not apply to this
9 part.

10 “(d) *SUNSET.*—Notwithstanding section 422(a) of the
11 General Education Provisions Act (20 U.S.C. 1226a(a)),
12 this part is repealed, effective September 30, 2001, and is
13 not subject to extension under such section.”.

14 ***Subtitle B—Amendments to Even***
15 ***Start Family Literacy Programs***

16 ***SEC. 721. RESERVATION FOR GRANTS.***

17 Section 1202(c) of the Elementary and Secondary
18 Education Act of 1965 (20 U.S.C. 6362(c)) is amended to
19 read as follows:

20 “(c) *RESERVATION FOR GRANTS.*—

21 “(1) *GRANTS AUTHORIZED.*—From funds re-
22 served under section 2260(b)(3), the Secretary shall
23 award grants, on a competitive basis, to States to en-
24 able such States to plan and implement, statewide
25 family literacy initiatives to coordinate and integrate

1 *existing Federal, State, and local literacy resources*
 2 *consistent with the purposes of this part. Such coordi-*
 3 *nation and integration shall include coordination and*
 4 *integration of funds available under the Adult Edu-*
 5 *cation Act (20 U.S.C. 1201 et seq.), Head Start (42*
 6 *U.S.C. 9801 et seq.), this part, part A of this title,*
 7 *and part A of title IV of the Social Security Act.*

8 “(2) CONSORTIA.—

9 “(A) ESTABLISHMENT.—*To receive a grant*
 10 *under this subsection, a State shall establish a*
 11 *consortium of State-level programs under the fol-*
 12 *lowing laws:*

13 “(i) *This title.*

14 “(ii) *The Head Start Act.*

15 “(iii) *The Adult Education Act.*

16 “(iv) *All other State-funded preschool*
 17 *programs and programs providing literacy*
 18 *services to adults.*

19 “(B) PLAN.—*To receive a grant under this*
 20 *subsection, the consortium established by a State*
 21 *shall create a plan to use a portion of the State’s*
 22 *resources, derived from the programs referred to*
 23 *in subparagraph (A), to strengthen and expand*
 24 *family literacy services in such State.*

1 “(C) *COORDINATION WITH TITLE II.*—*The*
2 *consortium shall coordinate its activities with*
3 *the activities of the reading and literacy partner-*
4 *ship for the State established under section 2353,*
5 *if the State receives a grant under such section.*

6 “(3) *READING INSTRUCTION.*—*Statewide family*
7 *literacy initiatives implemented under this subsection*
8 *shall base reading instruction on reliable, replicable*
9 *research on reading (as such terms are defined in sec-*
10 *tion 2352).*

11 “(4) *TECHNICAL ASSISTANCE.*—*The Secretary*
12 *shall provide, directly or through a grant or contract*
13 *with an organization with experience in the develop-*
14 *ment and operation of successful family literacy serv-*
15 *ices, technical assistance to States receiving a grant*
16 *under this subsection.*

17 “(5) *MATCHING REQUIREMENT.*—*The Secretary*
18 *shall not make a grant to a State under this sub-*
19 *section unless the State agrees that, with respect to*
20 *the costs to be incurred by the eligible consortium in*
21 *carrying out the activities for which the grant was*
22 *awarded, the State will make available non-Federal*
23 *contributions in an amount equal to not less than the*
24 *Federal funds provided under the grant.”.*

1 **SEC. 722. DEFINITIONS.**

2 Section 1202(e) of the Elementary and Secondary
3 Education Act of 1965 (20 U.S.C. 6362(e)) is amended—

4 (1) by redesignating paragraphs (3) and (4) as
5 paragraphs (4) and (5), respectively; and

6 (2) by inserting after paragraph (2) the follow-
7 ing:

8 “(3) the term ‘family literacy services’ means
9 services provided to participants on a voluntary basis
10 that are of sufficient intensity in terms of hours, and
11 of sufficient duration, to make sustainable changes in
12 a family (such as eliminating or reducing welfare de-
13 pendency) and that integrate all of the following ac-
14 tivities:

15 “(A) Interactive literacy activities between
16 parents and their children.

17 “(B) Equipping parents to partner with
18 their children in learning.

19 “(C) Parent literacy training, including
20 training that contributes to economic self-suffi-
21 ciency.

22 “(D) Appropriate instruction for children of
23 parents receiving parent literacy services.”.

24 **SEC. 723. EVALUATION.**

25 Section 1209 of the Elementary and Secondary Edu-
26 cation Act of 1965 (20 U.S.C. 6369) is amended—

1 (1) in paragraph (1), by striking “and” at the
2 end;

3 (2) in paragraph (2), by striking the period at
4 the end and inserting “; and”; and

5 (3) by adding at the end the following:

6 “(3) to provide States and eligible entities receiv-
7 ing a subgrant under this part, directly or through a
8 grant or contract with an organization with experi-
9 ence in the development and operation of successful
10 family literacy services, technical assistance to ensure
11 local evaluations undertaken under section 1205(10)
12 provide accurate information on the effectiveness of
13 programs assisted under this part.”.

14 **SEC. 724. INDICATORS OF PROGRAM QUALITY.**

15 (a) *IN GENERAL.*—The Elementary and Secondary
16 Education Act of 1965 (20 U.S.C. 6301 et seq.) is amend-
17 ed—

18 (1) by redesignating section 1210 as section
19 1212; and

20 (2) by inserting after section 1209 the following:

21 **“SEC. 1210. INDICATORS OF PROGRAM QUALITY.**

22 “Each State receiving funds under this part shall de-
23 velop, based on the best available research and evaluation
24 data, indicators of program quality for programs assisted
25 under this part. Such indicators shall be used to monitor,

1 *evaluate, and improve such programs within the State.*

2 *Such indicators shall include the following:*

3 “(1) *With respect to eligible participants in a*
4 *program who are adults—*

5 “(A) *achievement in the areas of reading,*
6 *writing, English language acquisition, problem*
7 *solving, and numeracy;*

8 “(B) *receipt of a secondary school diploma*
9 *or its recognized equivalent;*

10 “(C) *entry into a postsecondary school, a*
11 *job retraining program, or employment or career*
12 *advancement, including the military; and*

13 “(D) *such other indicators as the State may*
14 *develop.*

15 “(2) *With respect to eligible participants in a*
16 *program who are children—*

17 “(A) *improvement in ability to read on*
18 *grade level or reading readiness;*

19 “(B) *school attendance;*

20 “(C) *grade retention and promotion; and*

21 “(D) *such other indicators as the State may*
22 *develop.”.*

23 (b) *STATE LEVEL ACTIVITIES.—Section 1203(a) of the*
24 *Elementary and Secondary Education Act of 1965 (20*
25 *U.S.C. 6363(a)) is amended—*

1 (1) in paragraph (1), by striking “and” at the
2 end;

3 (2) in paragraph (2), by striking the period at
4 the end and inserting “; and”; and

5 (3) by adding at the end the following:

6 “(3) carrying out section 1210.”.

7 (c) AWARD OF SUBGRANTS.—Paragraphs (3) and (4)
8 of section 1208(b) of the Elementary and Secondary Edu-
9 cation Act of 1965 (20 U.S.C. 6368) are amended to read
10 as follows:

11 “(3) CONTINUING ELIGIBILITY.—In awarding
12 subgrant funds to continue a program under this part
13 for the second, third, or fourth year, the State edu-
14 cational agency shall evaluate the program based on
15 the indicators of program quality developed by the
16 State under section 1210. Such evaluation shall take
17 place after the conclusion of the startup period, if
18 any.

19 “(4) INSUFFICIENT PROGRESS.—The State edu-
20 cational agency may refuse to award subgrant funds
21 if such agency finds that the eligible entity has not
22 sufficiently improved the performance of the program,
23 as evaluated based on the indicators of program qual-
24 ity developed by the State under section 1210, after—

1 “(A) providing technical assistance to the
2 eligible entity; and

3 “(B) affording the eligible entity notice and
4 an opportunity for a hearing.”.

5 **SEC. 725. RESEARCH.**

6 *The Elementary and Secondary Education Act of 1965*
7 *(20 U.S.C. 6301 et seq.), as amended by section 524 of this*
8 *Act, is further amended by inserting after section 1210 the*
9 *following:*

10 **“SEC. 1211. RESEARCH.**

11 “(a) *IN GENERAL.*—*The Secretary shall carry out,*
12 *through grant or contract, research into the components of*
13 *successful family literacy services. The purpose of the re-*
14 *search shall be—*

15 “(1) *to improve the quality of existing programs*
16 *assisted under this part or other family literacy pro-*
17 *grams carried out under this Act or the Adult Edu-*
18 *cation Act (20 U.S.C. 1201 et seq.); and*

19 “(2) *to develop models for new programs to be*
20 *carried out under this Act or the Adult Education*
21 *Act.*

22 “(b) *DISSEMINATION.*—*The National Institute for Lit-*
23 *eracy shall disseminate, pursuant to section 2357, the re-*
24 *sults of the research described in subsection (a) to States*
25 *and recipients of subgrants under this part.*”.

1 **TITLE VIII—DROPOUT PREVEN-**
 2 **TION AND STATE RESPON-**
 3 **SIBILITIES**

4 **SEC. 801. SHORT TITLE.**

5 *This title may be cited as the “National Dropout Pre-*
 6 *vention Act of 1998”.*

7 **Subtitle A—Dropout Prevention**

8 **SEC. 811. DROPOUT PREVENTION.**

9 *Part C of title V of the Elementary and Secondary*
 10 *Education Act of 1965 (20 U.S.C. 7261 et seq.) is amended*
 11 *to read as follows:*

12 **“PART C—ASSISTANCE TO ADDRESS SCHOOL**
 13 **DROPOUT PROBLEMS**

14 **“Subpart 1—Coordinated National Strategy**

15 **“SEC. 5311. NATIONAL ACTIVITIES.**

16 *“(a) NATIONAL PRIORITY.—It shall be a national pri-*
 17 *ority, for the 5-year period beginning on the date of enact-*
 18 *ment of the National Dropout Prevention Act of 1998, to*
 19 *lower the school dropout rate, and increase school comple-*
 20 *tion, for middle school and secondary school students in ac-*
 21 *cordance with Federal law. As part of this priority, all Fed-*
 22 *eral agencies that carry out activities that serve students*
 23 *at risk of dropping out of school or that are intended to*
 24 *help address the school dropout problem shall make school*

1 dropout prevention a top priority in the agencies' funding
2 priorities during the 5-year period.

3 “(b) *ENHANCED DATA COLLECTION.*—The Secretary
4 shall collect systematic data on the participation of dif-
5 ferent racial and ethnic groups (including migrant and
6 limited English proficient students) in all Federal pro-
7 grams.

8 **“SEC. 5312. NATIONAL SCHOOL DROPOUT PREVENTION**
9 **STRATEGY.**

10 “(a) *PLAN.*—The Director shall develop, implement,
11 and monitor an interagency plan (in this section referred
12 to as the “plan”) to assess the coordination, use of resources,
13 and availability of funding under Federal law that can be
14 used to address school dropout prevention, or middle school
15 or secondary school reentry. The plan shall be completed
16 and transmitted to the Secretary and Congress not later
17 than 180 days after the first Director is appointed.

18 “(b) *COORDINATION.*—The plan shall address inter-
19 and intra-agency program coordination issues at the Fed-
20 eral level with respect to school dropout prevention and
21 middle school and secondary school reentry, assess the tar-
22 geting of existing Federal services to students who are most
23 at risk of dropping out of school, and the cost-effectiveness
24 of various programs and approaches used to address school
25 dropout prevention.

1 “(c) *AVAILABLE RESOURCES.*—*The plan shall also de-*
 2 *scribe the ways in which State and local agencies can im-*
 3 *plement effective school dropout prevention programs using*
 4 *funds from a variety of Federal programs, including the*
 5 *programs under title I of the Elementary and Secondary*
 6 *Education Act of 1965 (20 U.S.C. 6301 et seq.) and the*
 7 *School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101*
 8 *et seq.).*

9 “(d) *SCOPE.*—*The plan will address all Federal pro-*
 10 *grams with school dropout prevention or school reentry ele-*
 11 *ments or objectives, programs under chapter 1 of subpart*
 12 *2 of part A of title IV of the Higher Education Act of 1965*
 13 *(20 U.S.C. 1070a–11 et seq.), title I of the Elementary and*
 14 *Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.),*
 15 *the School-to-Work Opportunities Act of 1994 (20 U.S.C.*
 16 *6101 et seq.), and part B of title IV of the Job Training*
 17 *Partnership Act (29 U.S.C. 1691 et seq.), and other pro-*
 18 *grams.*

19 **“SEC. 5313. NATIONAL CLEARINGHOUSE.**

20 “*Not later than 6 months after the date of enactment*
 21 *of the National Dropout Prevention Act of 1998, the Direc-*
 22 *tor shall establish a national clearinghouse on effective*
 23 *school dropout prevention, intervention and reentry pro-*
 24 *grams. The clearinghouse shall be established through a*
 25 *competitive grant or contract awarded to an organization*

1 *with a demonstrated capacity to provide technical assist-*
2 *ance and disseminate information in the area of school*
3 *dropout prevention, intervention, and reentry programs.*

4 *The clearinghouse shall—*

5 “(1) collect and disseminate to educators, par-
6 ents, and policymakers information on research, effec-
7 tive programs, best practices, and available Federal
8 resources with respect to school dropout prevention,
9 intervention, and reentry programs, including dis-
10 semination by an electronically accessible database, a
11 worldwide Web site, and a national journal; and

12 “(2) provide technical assistance regarding se-
13 curing resources with respect to, and designing and
14 implementing, effective and comprehensive school
15 dropout prevention, intervention, and reentry pro-
16 grams.

17 **“SEC. 5314. NATIONAL RECOGNITION PROGRAM.**

18 “(a) *IN GENERAL.*—*The Director shall carry out a na-*
19 *tional recognition program that recognizes schools that have*
20 *made extraordinary progress in lowering school dropout*
21 *rates under which a public middle school or secondary*
22 *school from each State will be recognized. The Director shall*
23 *use uniform national guidelines that are developed by the*
24 *Director for the recognition program and shall recognize*

1 schools from nominations submitted by State educational
2 agencies.

3 “(b) *ELIGIBLE SCHOOLS.*—The Director may recog-
4 nize any public middle school or secondary school (includ-
5 ing a charter school) that has implemented comprehensive
6 reforms regarding the lowering of school dropout rates for
7 all students at that school.

8 “(c) *SUPPORT.*—The Director may make monetary
9 awards to schools recognized under this section, in amounts
10 determined by the Director. Amounts received under this
11 section shall be used for dissemination activities within the
12 school district or nationally.

13 **“Subpart 2—National School Dropout Prevention**
14 ***Initiative***

15 **“SEC. 5321. FINDINGS.**

16 “Congress finds that, in order to lower dropout rates
17 and raise academic achievement levels, improved and rede-
18 signed schools must—

19 “(1) challenge all children to attain their highest
20 academic potential; and

21 “(2) ensure that all students have substantial
22 and ongoing opportunities to—

23 “(A) achieve high levels of academic and
24 technical skills;

25 “(B) prepare for college and careers;

1 “(C) learn by doing;

2 “(D) work with teachers in small schools
3 within schools;

4 “(E) receive ongoing support from adult
5 mentors;

6 “(F) access a wide variety of information
7 about careers and postsecondary education and
8 training;

9 “(G) use technology to enhance and moti-
10 vate learning; and

11 “(H) benefit from strong links among mid-
12 dle schools, secondary schools, and postsecondary
13 institutions.

14 **“SEC. 5322. PROGRAM AUTHORIZED.**

15 “(a) *ALLOTMENTS TO STATES.*—

16 “(1) *IN GENERAL.*—From the sum made avail-
17 able under section 5332(b) for a fiscal year the Sec-
18 retary shall make an allotment to each State in an
19 amount that bears the same relation to the sum as the
20 amount the State received under title I of the *Elemen-*
21 *tary and Secondary Education Act of 1965* (20
22 *U.S.C. 6301 et seq.*) for the preceding fiscal year bears
23 to the amount received by all States under such title
24 for the preceding fiscal year.

1 “(2) *DEFINITION OF STATE.*—*In this subpart,*
2 *the term “State” means each of the several States of*
3 *the United States, the District of Columbia, the Com-*
4 *monwealth of Puerto Rico, the United States Virgin*
5 *Islands, Guam, American Samoa, the Commonwealth*
6 *of the Northern Mariana Islands, the Republic of the*
7 *Marshall Islands, the Federated States of Micronesia,*
8 *and the Republic of Palau.*

9 “(b) *GRANTS.*—*From amounts made available to a*
10 *State under subsection (a), the State educational agency*
11 *may award grants to public middle schools or secondary*
12 *schools, that have school dropout rates which are in the*
13 *highest $\frac{1}{3}$ of all school dropout rates in the State, to enable*
14 *the schools to pay only the startup and implementation*
15 *costs of effective, sustainable, coordinated, and whole school*
16 *dropout prevention programs that involve activities such*
17 *as—*

18 “(1) *professional development;*

19 “(2) *obtaining curricular materials;*

20 “(3) *release time for professional staff;*

21 “(4) *planning and research;*

22 “(5) *remedial education;*

23 “(6) *reduction in pupil-to-teacher ratios;*

24 “(7) *efforts to meet State student achievement*
25 *standards; and*

1 “(8) *counseling for at-risk students.*

2 “(b) *INTENT OF CONGRESS.—It is the intent of Con-*
 3 *gress that the activities started or implemented under sub-*
 4 *section (a) shall be continued with funding provided under*
 5 *part A of title I of the Elementary and Secondary Edu-*
 6 *cation Act of 1965 (20 U.S.C. 6311 et seq.).*

7 “(c) *AMOUNT.—*

8 “(1) *IN GENERAL.—Subject to subsection (d) and*
 9 *except as provided in paragraph (2), a grant under*
 10 *this subpart shall be awarded—*

11 “(A) *in the first year that a school receives*
 12 *a grant payment under this subpart, in an*
 13 *amount that is not less than \$50,000 and not*
 14 *more than \$100,000, based on factors such as—*

15 “(i) *school size;*

16 “(ii) *costs of the model being imple-*
 17 *mented; and*

18 “(iii) *local cost factors such as poverty*
 19 *rates;*

20 “(B) *in the second such year, in an amount*
 21 *that is not less than 75 percent of the amount the*
 22 *school received under this subpart in the first*
 23 *such year;*

24 “(C) *in the third year, in an amount that*
 25 *is not less than 50 percent of the amount the*

1 *school received under this subpart in the first*
 2 *such year; and*

3 “(D) *in each succeeding year in an amount*
 4 *that is not less than 30 percent of the amount the*
 5 *school received under this subpart in the first*
 6 *such year.*

7 “(2) *INCREASES.—The Director shall increase*
 8 *the amount awarded to a school under this subpart*
 9 *by 10 percent if the school creates smaller learning*
 10 *communities within the school and the creation is cer-*
 11 *tified by the State educational agency.*

12 “(d) *DURATION.—A grant under this subpart shall be*
 13 *awarded for a period of 3 years, and may be continued*
 14 *for a period of 2 additional years if the State educational*
 15 *agency determines, based on the annual reports described*
 16 *in section 5328(a), that significant progress has been made*
 17 *in lowering the school dropout rate for students participat-*
 18 *ing in the program assisted under this subpart compared*
 19 *to students at similar schools who are not participating in*
 20 *the program.*

21 **“SEC. 5323. STRATEGIES AND ALLOWABLE MODELS.**

22 “(a) *STRATEGIES.—Each school receiving a grant*
 23 *under this subpart shall implement research-based, sustain-*
 24 *able, and widely replicated, strategies for school dropout*
 25 *prevention and reentry that address the needs of an entire*

1 *school population rather than a subset of students. The*
 2 *strategies may include—*

3 *“(1) specific strategies for targeted purposes; and*

4 *“(2) approaches such as breaking larger schools*
 5 *down into smaller learning communities and other*
 6 *comprehensive reform approaches, developing clear*
 7 *linkages to career skills and employment, and ad-*
 8 *dressing specific gatekeeper hurdles that often limit*
 9 *student retention and academic success.*

10 *“(b) ALLOWABLE MODELS.—The Director shall annu-*
 11 *ally establish and publish in the Federal Register the prin-*
 12 *ciples, criteria, models, and other parameters regarding the*
 13 *types of effective, proven program models that are allowed*
 14 *to be used under this subpart, based on existing research.*

15 *“(c) CAPACITY BUILDING.—*

16 *“(1) IN GENERAL.—The Director, through a con-*
 17 *tract with a non-Federal entity, shall conduct a ca-*
 18 *capacity building and design initiative in order to in-*
 19 *crease the types of proven strategies for dropout pre-*
 20 *vention on a schoolwide level.*

21 *“(2) NUMBER AND DURATION.—*

22 *“(A) NUMBER.—The Director shall award*
 23 *not more than 5 contracts under this subsection.*

1 “(B) *DURATION.*—*The Director shall award*
 2 *a contract under this section for a period of not*
 3 *more than 5 years.*

4 “(d) *SUPPORT FOR EXISTING REFORM NETWORKS.*—

5 “(1) *IN GENERAL.*—*The Director shall provide*
 6 *appropriate support to eligible entities to enable the*
 7 *eligible entities to provide training, materials, devel-*
 8 *opment, and staff assistance to schools assisted under*
 9 *this subpart.*

10 “(2) *DEFINITION OF ELIGIBLE ENTITY.*—*The*
 11 *term ‘eligible entity’ means an entity that, prior to*
 12 *the date of enactment of the National Dropout Pre-*
 13 *vention Act of 1998—*

14 “(A) *provided training, technical assistance,*
 15 *and materials to 100 or more elementary schools*
 16 *or secondary schools; and*

17 “(B) *developed and published a specific*
 18 *educational program or design for use by the*
 19 *schools.*

20 **“SEC. 5324. SELECTION OF SCHOOLS.**

21 “(a) *SCHOOL APPLICATION.*—

22 “(1) *IN GENERAL.*—*Each school desiring a grant*
 23 *under this subpart shall submit an application to the*
 24 *State educational agency at such time, in such man-*

1 *ner, and accompanied by such information as the*
2 *State educational agency may require.*

3 *“(2) CONTENTS.—Each application submitted*
4 *under paragraph (1) shall—*

5 *“(A) contain a certification from the local*
6 *educational agency serving the school that—*

7 *“(i) the school has the highest number*
8 *or rates of school dropouts in the age group*
9 *served by the local educational agency;*

10 *“(ii) the local educational agency is*
11 *committed to providing ongoing operational*
12 *support, for the school’s comprehensive re-*
13 *form plan to address the problem of school*
14 *dropouts, for a period of 5 years; and*

15 *“(iii) the local educational agency will*
16 *support the plan, including—*

17 *“(I) release time for teacher train-*
18 *ing;*

19 *“(II) efforts to coordinate activi-*
20 *ties for feeder schools; and*

21 *“(III) encouraging other schools*
22 *served by the local educational agency*
23 *to participate in the plan;*

24 *“(B) demonstrate that the faculty and ad-*
25 *ministration of the school have agreed to apply*

1 *for assistance under this subpart, and provide*
2 *evidence of the school's willingness and ability to*
3 *use the funds under this subpart, including pro-*
4 *viding an assurance of the support of 80 percent*
5 *or more of the professional staff at the school;*

6 “(C) *describe the instructional strategies to*
7 *be implemented, how the strategies will serve all*
8 *students, and the effectiveness of the strategies;*

9 “(D) *describe a budget and timeline for im-*
10 *plementing the strategies;*

11 “(E) *contain evidence of interaction with*
12 *an eligible entity described in section 5323(d)(2);*

13 “(F) *contain evidence of coordination with*
14 *existing resources;*

15 “(G) *provide an assurance that funds pro-*
16 *vided under this subpart will supplement and*
17 *not supplant other Federal, State, and local*
18 *funds;*

19 “(H) *describe how the activities to be as-*
20 *sisted conform with an allowable model described*
21 *in section 5323(b); and*

22 “(I) *demonstrate that the school and local*
23 *educational agency have agreed to conduct a*
24 *schoolwide program under 1114.*

1 “(b) *STATE AGENCY REVIEW AND AWARD.*—*The State*
2 *educational agency shall review applications and award*
3 *grants to schools under subsection (a) according to a review*
4 *by a panel of experts on school dropout prevention.*

5 “(c) *CRITERIA.*—*The Director shall establish clear and*
6 *specific selection criteria for awarding grants to schools*
7 *under this subpart. Such criteria shall be based on school*
8 *dropout rates and other relevant factors for State edu-*
9 *cational agencies to use in determining the number of*
10 *grants to award and the type of schools to be awarded*
11 *grants.*

12 “(d) *ELIGIBILITY.*—

13 “(1) *IN GENERAL.*—*A school is eligible to receive*
14 *a grant under this subpart if the school is—*

15 “(A) *a public school—*

16 “(i) *that is eligible to receive assistance*
17 *under part A of title I of the Elementary*
18 *and Secondary Education Act of 1965 (20*
19 *U.S.C. 6311 et seq.), including a com-*
20 *prehensive secondary school, a vocational or*
21 *technical secondary school, and a charter*
22 *school; and*

23 “(ii)(I) *that serves students 50 percent*
24 *or more of whom are low-income individ-*
25 *uals; or*

1 “(II) with respect to which the feeder
2 schools that provide the majority of the in-
3 coming students to the school serve students
4 50 percent or more of whom are low-income
5 individuals; or

6 “(B) is participating in a schoolwide pro-
7 gram under section 1114 during the grant pe-
8 riod.

9 “(2) OTHER SCHOOLS.—A private or parochial
10 school, an alternative school, or a school within a
11 school, is not eligible to receive a grant under this
12 subpart, but an alternative school or school within a
13 school may be served under this subpart as part of a
14 whole school reform effort within an entire school
15 building.

16 “(e) COMMUNITY-BASED ORGANIZATIONS.—A school
17 that receives a grant under this subpart may use the grant
18 funds to secure necessary services from a community-based
19 organization, including private sector entities, if—

20 “(1) the school approves the use;

21 “(2) the funds are used to provide school dropout
22 prevention and reentry activities related to schoolwide
23 efforts; and

24 “(3) the community-based organization has dem-
25 onstrated the organization’s ability to provide effec-

1 *tive services as described in section 107(a) of the Job*
 2 *Training Partnership Act (29 U.S.C. 1517(a)).*

3 “(f) *COORDINATION.—Each school that receives a*
 4 *grant under this subpart shall coordinate the activities as-*
 5 *sisted under this subpart with other Federal programs, such*
 6 *as programs assisted under chapter 1 of subpart 2 of part*
 7 *A of title IV of the Higher Education Act of 1965 (20 U.S.C.*
 8 *1070a–11 et seq.) and the School-to-Work Opportunities Act*
 9 *of 1994 (20 U.S.C. 6101 et seq.).*

10 **“SEC. 5325. DISSEMINATION ACTIVITIES.**

11 *“Each school that receives a grant under this subpart*
 12 *shall provide information and technical assistance to other*
 13 *schools within the school district, including presentations,*
 14 *document-sharing, and joint staff development.*

15 **“SEC. 5326. PROGRESS INCENTIVES.**

16 *“Notwithstanding any other provision of law, each*
 17 *local educational agency that receives funds under title I*
 18 *of the Elementary and Secondary Education Act of 1965*
 19 *(20 U.S.C. 6301 et seq.) shall use such funding to provide*
 20 *assistance to schools served by the agency that have not*
 21 *made progress toward lowering school dropout rates after*
 22 *receiving assistance under this subpart for 2 fiscal years.*

23 **“SEC. 5327. SCHOOL DROPOUT RATE CALCULATION.**

24 *“For purposes of calculating a school dropout rate*
 25 *under this subpart, a school shall use—*

1 “(1) the annual event school dropout rate for stu-
 2 dents leaving a school in a single year determined in
 3 accordance with the National Center for Education
 4 Statistics’ Common Core of Data, if available; or

5 “(2) in other cases, a standard method for cal-
 6 culating the school dropout rate as determined by the
 7 State educational agency.

8 **“SEC. 5328. REPORTING AND ACCOUNTABILITY.**

9 “(a) *REPORTING.*—In order to receive funding under
 10 this subpart for a fiscal year after the first fiscal year a
 11 school receives funding under this subpart, the school shall
 12 provide, on an annual basis, to the Director a report re-
 13 garding the status of the implementation of activities fund-
 14 ed under this subpart, the disaggregated outcome data for
 15 students at schools assisted under this subpart such as drop-
 16 out rates, and certification of progress from the eligible en-
 17 tity whose strategies the school is implementing.

18 “(b) *ACCOUNTABILITY.*—On the basis of the reports
 19 submitted under subsection (a), the Director shall evaluate
 20 the effect of the activities assisted under this subpart on
 21 school dropout prevention compared to a control group.

22 **“SEC. 5329. PROHIBITION ON TRACKING.**

23 “(a) *IN GENERAL.*—A school shall be ineligible to re-
 24 ceive funding under this subpart for a fiscal year, if the
 25 school—

1 “(1) *has in place a general education track;*

2 “(2) *provides courses with significantly different*
3 *material and requirements to students at the same*
4 *grade level; or*

5 “(3) *fails to encourage all students to take a core*
6 *curriculum of courses.*

7 “(b) *REGULATIONS.—The Secretary shall promulgate*
8 *regulations implementing subsection (a).*

9 **“Subpart 3—Definitions; Authorization of**
10 **Appropriations**

11 **“SEC. 5331. DEFINITIONS.**

12 *“In this Act:*

13 “(1) *DIRECTOR.—The term “Director” means*
14 *the Director of the Office of Dropout Prevention and*
15 *Program Completion established under section 219 of*
16 *the General Education Provisions Act.*

17 “(2) *LOW-INCOME.—The term “low-income”,*
18 *used with respect to an individual, means an individ-*
19 *ual determined to be low-income in accordance with*
20 *measures described in section 1113(a)(5) of the Ele-*
21 *mentary and Secondary Education Act of 1965 (20*
22 *U.S.C. 6313(a)(5)).*

23 “(3) *SCHOOL DROPOUT.—The term “school drop-*
24 *out” has the meaning given the term in section 4(17)*

1 *of the School-to-Work Opportunities Act of 1994 (20*
 2 *U.S.C. 6103(17)).*

3 **“SEC. 5332. AUTHORIZATION OF APPROPRIATIONS.**

4 “(a) *SUBPART 1.—There are authorized to be appro-*
 5 *priated to carry out subpart 1, \$5,000,000 for fiscal year*
 6 *1999 and such sums as may be necessary for each of the*
 7 *4 succeeding fiscal years.*

8 “(b) *SUBPART 2.—There are authorized to be appro-*
 9 *priated to carry out subpart 2, \$145,000,000 for fiscal year*
 10 *1999 and such sums as may be necessary for each of the*
 11 *4 succeeding fiscal years, of which—*

12 “(1) *\$125,000,000 shall be available to carry out*
 13 *section 5322; and*

14 “(2) *\$20,000,000 shall be available to carry out*
 15 *section 5323.”.*

16 **SEC. 812. OFFICE OF DROPOUT PREVENTION AND PRO-**
 17 **GRAM COMPLETION.**

18 *Title II of the Department of Education Organization*
 19 *Act (20 U.S.C. 3411) is amended—*

20 (1) *by redesignating section 216 (as added by*
 21 *Public Law 103–227) as section 218; and*

22 (2) *by adding after section 218 (as redesignated*
 23 *by paragraph (1)) the following:*

11 “(b) *DUTIES.*—*The Director of the Office of Dropout*
12 *Prevention and Program Completion (hereafter in this sec-*
13 *tion referred to as the ‘Director’), through the Office, shall—*

18 “(2) *recommend Federal policies, objectives, and*
19 *priorities to lower school dropout rates and increase*
20 *program completion;*

24 “(4) develop and implement the National School
25 Dropout Prevention Strategy under section 5312 of

1 *the Elementary and Secondary Education Act of*
2 *1965;*

3 “(5) annually prepare and submit to Congress
4 and the Secretary a national report describing efforts
5 and recommended actions regarding school dropout
6 prevention and program completion;

7 “(6) recommend action to the Secretary and the
8 President, as appropriate, regarding school dropout
9 prevention and program completion; and

10 “(7) consult with and assist State and local gov-
11 ernments regarding school dropout prevention and
12 program completion.

13 “(c) *SCOPE OF DUTIES.*—The scope of the Director’s
14 duties under subsection (b) shall include examination of all
15 Federal and non-Federal efforts related to—

16 “(1) promoting program completion for children
17 attending middle school or secondary school;

18 “(2) programs to obtain a secondary school di-
19 ploma or its recognized equivalent (including general
20 equivalency diploma (GED) programs), or college de-
21 gree programs; and

22 “(3) reentry programs for individuals aged 12 to
23 24 who are out of school.

24 “(d) *DETAILING.*—In carrying out the Director’s du-
25 ties under this section, the Director may request the head

1 of any Federal department or agency to detail personnel
 2 who are engaged in school dropout prevention activities to
 3 another Federal department or agency in order to imple-
 4 ment the National School Dropout Prevention Strategy.”.

5 ***Subtitle B—State Responsibilities***

6 ***SEC. 821. STATE RESPONSIBILITIES.***

7 *Title XIV of the Elementary and Secondary Education*
 8 *Act of 1965 (20 U.S.C. 8801 et seq.) is amended by adding*
 9 *at the end the following:*

10 ***“PART I—DROPOUT PREVENTION***

11 ***“SEC. 14851. DROPOUT PREVENTION.***

12 *“In order to receive any assistance under this Act, a*
 13 *State educational agency shall comply with the following*
 14 *provisions regarding school dropouts:*

15 *“(1) UNIFORM DATA COLLECTION.—Within 1*
 16 *year after the date of enactment of the National Drop-*
 17 *out Prevention Act of 1998, a State educational agen-*
 18 *cy shall report to the Secretary and statewide, all*
 19 *school district and school data regarding school drop-*
 20 *out rates in the State, and demographic breakdowns,*
 21 *according to procedures that conform with the Na-*
 22 *tional Center for Education Statistics’ Common Core*
 23 *of Data.*

24 *“(2) ATTENDANCE-NEUTRAL FUNDING POLI-*
 25 *CIES.—Within 2 years after the date of enactment of*

1 *the National Dropout Prevention Act of 1998, a State*
 2 *educational agency shall develop and implement edu-*
 3 *cation funding formula policies for public schools that*
 4 *provide appropriate incentives to retain students in*
 5 *school throughout the school year, such as—*

6 *“(A) a student count methodology that does*
 7 *not determine annual budgets based on attend-*
 8 *ance on a single day early in the academic year;*
 9 *and*

10 *“(B) specific incentives for retaining en-*
 11 *rolled students throughout each year.*

12 *“(3) SUSPENSION AND EXPULSION POLICIES.—*
 13 *Within 2 years after the date of enactment of the Na-*
 14 *tional Dropout Prevention Act of 1998, a State edu-*
 15 *cational agency shall develop uniform, long-term sus-*
 16 *pension and expulsion policies for serious infractions*
 17 *resulting in more than 10 days of exclusion from*
 18 *school per academic year so that similar violations*
 19 *result in similar penalties.”.*

20 ***TITLE IX—MISCELLANEOUS*** 21 ***PROVISIONS***

22 ***SEC. 901. MULTILINGUALISM STUDY.***

23 *(a) FINDINGS.—Congress finds that even though all*
 24 *residents of the United States should be proficient in*
 25 *English, without regard to their country of birth, it is also*

1 *of vital importance to the competitiveness of the United*
 2 *States that those residents be encouraged to learn other lan-*
 3 *guages.*

4 *(b) RESIDENT OF THE UNITED STATES DEFINED.—*
 5 *In this section, the term “resident of the United States”*
 6 *means an individual who resides in the United States, other*
 7 *than an alien who is not lawfully present in the United*
 8 *States.*

9 *(c) STUDY.—*

10 *(1) IN GENERAL.—Not later than 180 days after*
 11 *the date of enactment of this Act, the Comptroller*
 12 *General of the United States (referred to in this sec-*
 13 *tion as the “Comptroller General”) shall conduct a*
 14 *study of multilingualism in the United States in ac-*
 15 *cordance with this section.*

16 *(2) REQUIREMENTS.—*

17 *(A) IN GENERAL.—The study conducted*
 18 *under this section shall ascertain—*

19 *(i) the percentage of residents in the*
 20 *United States who are proficient in English*
 21 *and at least 1 other language;*

22 *(ii) the predominant language other*
 23 *than English in which residents referred to*
 24 *in clause (i) are proficient;*

1 (iii) the percentage of the residents de-
2 scribed in clause (i) who were born in a for-
3 eign country;

4 (iv) the percentage of the residents de-
5 scribed in clause (i) who were born in the
6 United States;

7 (v) the percentage of the residents de-
8 scribed in clause (iv) who are second-gen-
9 eration residents of the United States; and

10 (vi) the percentage of the residents de-
11 scribed in clause (iv) who are third-genera-
12 tion residents of the United States.

13 (B) AGE-SPECIFIC CATEGORIES.—The study
14 under this section shall, with respect to the resi-
15 dents described in subparagraph (A)(i), deter-
16 mine the number of those residents in each of the
17 following categories:

18 (i) Residents who have not attained the
19 age of 12.

20 (ii) Residents have attained the age of
21 12, but have not attained the age of 18.

22 (iii) Residents who have attained the
23 age of 18, but have not attained the age of
24 50.

1 (iv) *Residents who have attained the*
2 *age of 50.*

3 (C) *FEDERAL PROGRAMS.—In conducting*
4 *the study under this section, the Comptroller*
5 *General shall establish a list of each Federal pro-*
6 *gram that encourages multilingualism with re-*
7 *spect to any category of residents described in*
8 *subparagraph (B).*

9 (D) *COMPARISONS.—In conducting the*
10 *study under this section, the Comptroller General*
11 *shall compare the multilingual population de-*
12 *scribed in subparagraph (A) with the multi-*
13 *lingual populations of foreign countries—*

14 (i) *in the Western hemisphere; and*

15 (ii) *in Asia.*

16 (d) *REPORT.—Upon completion of the study under*
17 *this section, the Comptroller General shall prepare, and sub-*
18 *mit to Congress, a report that contains the results of the*
19 *study conducted under this section, and such findings and*
20 *recommendations as the Comptroller General determines to*
21 *be appropriate.*

22 **SEC. 902. SAFER SCHOOLS.**

23 (a) *SHORT TITLE.—This section may be cited as the*
24 *“Safer Schools Act of 1998”.*

1 (b) *AMENDMENT.—Section 14601 of the Gun-Free*
2 *Schools Act of 1994 (20 U.S.C. 8921) is amended by adding*
3 *at the end the following new subsection:*

4 “(g) *For the purposes of this section, a weapon that*
5 *has been determined to have been brought to a school by*
6 *a student shall be admissible as evidence in any internal*
7 *school disciplinary proceeding (related to an expulsion*
8 *under this section).”.*

Attest:

Secretary.

105TH CONGRESS
2^D SESSION

H. R. 2646

AMENDMENT

HR 2646 EAS—2

HR 2646 EAS—3

HR 2646 EAS—4

HR 2646 EAS—5

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